

Maclean's

PUTTING
THE SQUEEZE
ON OTTAWA

CHINA



WILL THEY BE CAPITALISTS?

Free Enterprise Blooms Under Communism
— At Least For Now



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COVER

CHINA GOES CAPITALIST

China is making a frantic dash for capitalism. With an economic growth rate averaging 10 per cent for the last decade, it is one of the world's fastest growing economies. Some observers compare the mood in the south, where the economic activity is hottest, to the gold-rush fever that swept the West Coast of North America in the last century. But China has enormous problems, too.

— 24



CANADA

SQUEEZING OTTAWA

After two years of preaching the gospel of deficit-cutting, several federal Tories seem taken aback by the strength of the mood they worked so hard to create. Finance Minister Donald Mazankowski's budget failed to satisfy the right-wing clamor for smaller government—and ensured a fight for his re-election. — 16



WORLD

PEACE IN THE BALANCE

In the eastern Bosnian town of Srebrenica, 200 Canadian peacekeepers stand between 40,000 besieged Muslims and an army of encroaching Serbs. And the perilous job of peacekeeping could become even more dangerous throughout Bosnia should the West decide to use force to end the country's civil war. — 14



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LETTERS

Passion on ice

I enjoyed reading your cover on Canada's passion for the game of hockey ("Our game," April 26). It clearly demonstrated the game's impact on Canadians, not only as a sport, but as a way of life. But I question your claim that it is "our" game as it is played by *Gay*. The National Hockey League is dominated by American teams and owners. The result is that they are force-feeding this game to an apathetic American public that does not care about the game, at the expense of the Canadian fans who do. Part of the problem is the attitude of Canadian fans who continue to believe that for any sport to be big league, it has to be American. That is, aside from driving hockey out of our control.

David Hoffman,
Gibson

"Our game" was excellent, but I believe that the pallid hockey map of Canada has one omission. You mention towns such as the Dawson City Nuggets and Red Wings. These, too, belong to the Montreal Maroons. I am not old enough to have seen them, but I have heard of the team. (And this team is kicking Maple Leafs' butt.)

Gordon Murray,
Albion, Ont.

'Systematic racism'

I was quite alarmed by your phrasing of the recent survey results on the recent behavior of Americans from "12 for white men, 15 for blacks" ("Men on men," Opening Notes, April 26). You have created the word "men" after black. This simple omission is symptomatic of systematic racism. By not referring to "blacks" as men, you have negated their manhood. They are not, as are the whites in the survey, "men." They are simply "blacks," dehumanized and emasculated.

Clayton E. Pines,
Bismarck, Ont.

'Too much time'

After reading your article on the computer industry ("Electronic war," Business, April 16), I am yet again struck by the failure of the media to portray the reality of the so-called technological revolution. The advent of the computer industry has had an immense impact on the industrial world. However, there is very little hard evidence to



Vancouver Canucks Pavel Bure (left) force-feeding apathetic Americans

support the notion that this new technology actually increases productivity, as is widely claimed by the technology industry. Too many people are wasting too much time installing the last-paired changes in the computer industry. This all makes for a competitive technology industry, but at a serious detriment to the productivity of other businesses that seek to capitalize on the promises of the technology revolution.

Edward Maslof,
Providence

Westray scapegoats

After reading your article about the Westray tragedy ("The shadow of tragedy," Canada, April 26), it is impossible to imagine that anyone would be naive enough to believe that only two men could be held responsible for the events that led to the May 8, 1980, explosion. As May 8 approaches, those of us who lost a father, husband, son, brother or friend will relive the agonizing hours of last year. However, we know that the greatest irony is that the two men who have been charged are only two of many who will without a doubt be experiencing genuine grief because of the loss of the men who they worked with. The politicians, the executives and the bureaucrats will be relieved because finally there is a scapegoat and they will continue to create other Westrays because they are never held responsible.

Maria MacIver,
Edmonton

In telling the sad story of the Westray mine disaster ("The Westray lie," Guest April 16) was it really necessary or desirable to use four guesses of Westray head Clifford Frame? Especially the one on the page opposite that of David Johnson, standing at the grave of his father, Eugene, who was killed in the disaster.

Ernest J. Morris,
Saskatoon

'A funny place'

Canada is a funny place. So true is it that I've shelled out the better part of \$12.5 million for a manuscript on Ontario and Canada is not impressed? Your review of the new museum at historic in Montreal ("Museum's low house," Montreal, April 12) mentions Woody Allen, Billy Crystal and Charlie Chaplin. But aside from a reference to Quebec's Oliver Guimond, I am left with the impression that you paid for a manuscript that does not include Canadians.

Guy Steward,
Lindsay, Ont.

'Required reading'

Peter C. Newman's column regarding Canada's national debt is long on the money ("If we don't crash it, debt will destroy us," April 26). It should be required reading for every Canadian. Glen Clark, the B.C. minister of finance, would be well off to read it twice.

Wendell LeMieux,
Salt Spring Island, B.C.

Letters may be published. Please supply names without and address telephone. Write letters to the Editor, Maclean's Magazine, 400 King St. W., Toronto, Ont. M5H 1K1. Or call (416) 593-1720.



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OPENING NOTES

Guns for Texas, a Cannes snub for Denys Arcand and correctness in math

A MOUNTAIN OF GARBAGE

Over the 48 years since the Edward H. Riney opened the world's tallest amusement, the hundreds of thousands who have attempted to scale Nepal's Mount Everest have done more than plant flags to mark their efforts. There have also dumped about 18 tons of garbage at high elevations on Everest. The litter includes steel oxygen tanks, camping stoves and paper wrappers abandoned by careless mountaineers. Last month, a 12-member Canadian team arrived in Nepal with plans to clean up the mess using helicopters. The team's leader is Joe Cathers, owner of



Interchangeable Habitat Systems in Lafayette, B.C., which uses waste plants to give outdoor mountaineering techniques. Last week, Cathers was conducting test flights around the Nepalese capital of Kathmandu. And he could be away from Canada for as long as six weeks. Lyle Wain, an instructor at the school, said that the fact that at high altitudes means that each flight can only carry a small load. But Wain added that there is little need to hurry. Because of extreme cold, "the garbage has been only preserved over the years."

Day in the life

Powerless and powerless, and tomorrow—the pretty face of Canadian life, reduced to the 10 most time-consuming daily activities in average for people aged 15 and over



- | | |
|---------------------------------------------|---------|
| 1. Sleeping | minutes |
| 2. Working for pay | 483 |
| 3. Watching television | 193 |
| 4. Socializing in homes | 131 |
| 5. Eating, including restaurant meals | 76 |
| 6. Cooking and washing up | 73 |
| 7. Shopping | 47 |
| 8. Housecleaning | 45 |
| 9. Education and leisure | 36 |
| 10. Hobbies, crafts and other leisure items | 35 |

Source: Statistics Canada 1992 General Social Survey of 5,015 Canadians

Movie

BEST-SELLER LIST

FICTION

1. *Headhunter*, Timothy Findley (U)
2. *Go-Go*, James Gould
3. *The China, John Grisham (U)*
4. *The Widows of Madison County*, Robert Bly (M)
5. *"F" Is for Forgiveness*, Joe Gruber (U)
6. *Green Glass*, Manning Walcott, New York (U)
7. *A Season in Purgatory*, Daniel Defoe (U)
8. *The English Patient*, Michael Ondaatje (U)
9. *A Quilting Way*, Hilary Smith
10. *Trying to Be Very Good*, David John (U)

NONFICTION

1. *Preparing for the Twenty-first Century*, Paul Kennedy (U)
2. *Shifting Gears*, David (U)
3. *Wayne's World: How the Wolves*, George H.W. Bush (U)
4. *Holding and the Mind*, Bill Moyers (U)
5. *The Great Recalibration*, James D. Connors and David (U)
6. *Systems of Survival*, James (U)
7. *Nobody Move*, James (U)
8. *Practical Skills*, Joe (U)
9. *Post-Capitalist Society*, Peter (U)
10. *A World Waiting for Me*, David (U)

M. J. Nathan last week

Compiled by David Debra

WHERE'S DENYS?

Organizers of the May 13 to 16 Cannes Film Festival dashed Canadian expectations last month by rejecting an entry that otherwise seemed well-suited to the festival's theme of a place of difficult competition. Quebec director Denys Arcand's *Woman Remains*. In the past, Cannes has been kind to Arcand, whose *Les Invisibles* (1986) and *Les Éléments* (1988) won with wild acclaim at festival premieres. *Woman Remains*, a story of social injustice adapted from Edmond Rostand's 19th-century play *Les Femmes d'Alger*, is Arcand's first English-language movie, and Cannes director Gilles Jacob let it be known that he did not like the film. But industry insiders wonder if another factor influenced Jacob's decision. Lately, with American movies winning the European film awards, the French film industry has become increasingly sensitive about French language directors working in English. Still, this does not explain why



the Cannes competition lineup includes such big-budget Hollywood fare as *Falling Down*, a social thriller starring Michael Douglas, and *Spiriting Away*, an action comedy with Rock Martin—unless the French are going out of their way to show English-language cinema at the worst possible light.

Numbers games

The pressure was on last week at 2,400 schools across the country. In all, some 56,000 15- and 16-year-olds sat a two-hour math exam as part of a national test sponsored by the Council of Ministers of Education. But before students started filling in their answers, the questions themselves led to a host of tests aimed at showing out smart, cultural and economic biases. Among other changes, provincial teams of educators replaced Anglo-Saxon names in several word problems with those of French, eastern European and African characters. Old questions were dropped on the grounds that they were too biased to middle-class students. One concerned the perimeter of a business card, while another stretched the distance between tests as a grid course. The exam's designers also vetted the questions for hidden literary allusions. One, taken to a rock concert were in, called the new books, 1800s edition.

WORD FOR WORD

Good for what ails you



Excerpt from a poem released in Zagreb, by the Moscow-based Russian physician Alex Gregory

"BOGOSTYKOV, KOBOROV" IS FANTASTIC "Bogostykov Korman" (Russian Crows) is a new variety of coffee. "Bogostykov Korman" is distinguished by reduced cholesterol effects and is superior for medicinal use. The process of obtaining without the body at 6 times more intensive in comparison with other varieties. Medicinal properties—removal of small stones and sand from the bladder, gallbladder, kidneys and intestines, and rehydration of human growth. This variety positively helps in the pulmonary tract and the cardiovascular system.

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PASSAGES

SUDDENLY Michael Jackson, far more than 500 million, by an entertainment giant that claims the singer breached a contract involving his rights to the Beatles' songs. Lawyers for the 20 Sunset Boulevard Inc. and the Jacksons' ATV Music Group had agreed to these rights in some songs by John Lennon and Paul McCartney for an album of versions by pop stars. There were reports that Jackson had decided that pop versions of such Beatles like *Let It Be* and *Two of Us* would not be appropriate. Jackson bought the rights in 1989 for \$25 million.

ASSASSINATIONS In London President Ronald Reagan's assassination, 66, by a suicide bomber at a May Day rally in London. Pyromaniacs, elected in 1989, was the first conviction in the history of the British Empire. The British Empire became independent from Britain in 1946.

SUSPENDED In London, Wednesday Capital's forward *Waste Hunter* for claiming New York's Hudson River case. Peter Targone onto the boards seconds after Targone scored a goal at an NHL playoff game. Doctors said that Targone, who suffered a separated shoulder, would be out of action for at least two weeks.

DIED Poet, novelist and teacher Tom Marshall 65, of an apparent heart attack, in Kingston, Ont. Born in Niagara Falls, Ont. He was

poetry editor for The Canadian Forum, and helped found Kingston-based Quarry Press, which publishes Canadian fiction, poetry, Canadian and Quarry Magazine.

DIED Former Toronto Star editor and columnist David Miller, 62, of lung cancer, at his Toronto home. Born in Montreal, she worked for that city's Star and Gazette.

AWARDED To history professor Donald Hamman, 56, of Queen's University in Kingston, Ont., one of six annual awards established by philanthropist H. Charles Greyhounder through the University of Toronto. Dr. Hamman won the prize of \$190,000 for his 1982 book, *Confessions: Conquest and Loss in South Africa, Israel and Elsewhere*.



TANKS A LOT

It was, as the saying goes, a long shot. The Dallas-Fort Worth 11th Air Division needed military equipment for the filming of a movie, said satisfied, about 100,000 men from space meeting still resistance from exhibitors in Texas. Last month, the commission got a call for areas through a column in *The Dallas Morning News*. Over the next three days, according to production coordinator Penny Cawthorne, private collectors came forward with a wealth of military hardware. "I have eight tanks, the cannons, two jeeps, three trucks and two rail story ambulances," Cunningham said. And in the Texas state legislature moved one step closer last week to passing a controversial bill that would allow Texans to carry concealed weapons, some of the commission staff expressed shock at how many long weapons were parked in the parking at Dallas' Southwestern Sugar Bar. "The gun buyers are still going before the legislature to carry concealed tanks."

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AN AMERICAN VIEW



The FBI and other Washington wackos

BY FRED BRUNING

Just about everything went wrong out there on the Tinnis prime when FBI agents devised extreme ways for red lava and longed the Israeli David as fortress of David Korsh.

All the psychological prep-work that was to have parted the curtains on Korsh's personality proved so rarely raised than a tip from the psychic planet line. Washington's mental strategy produced results that could have been as easily obtained by a gang of heavy cowpokes in a pickup truck. Category: glaucoma? When Ranc Apocalypse burst into flames, the lava had to call fire-fighters by dialing 911.

Early polls show that Americans back their government's move against the so-called Waco, despite the disastrous outcome. An estimated 72 people died—including about 17 children—when the compound burned to the ground, but the U.S. attorney had given many of this credent Korsh and his spangy devotees. "How long would you have waited," asked a fellow in New York City, his neck veins popping. "Forever!"

In fact, the FBI had waited 51 days—pretty close to darkness in a case that involves the killing of federal agents. On Feb. 28, four officers of the Bureau of Alcohol, Tobacco and Firearms (ATF) died in a shootout with David Korsh while carrying out a raid that was as ill-advised and poorly executed as the final showdown. Nobody sniffs a G-man and gets away with it, however, and the FBI was eager to make a hunt. But there was a higher consideration: the children. Better laid off in Amman.

Besides, Korsh was talking about surrender. The Davidson leader had been working on a major case—nothing less than an interpretation of the Midwest seven souls—and promised to end the standoff when his supervisor was accomplished. To that purpose, supporters say, he was pondering away day

Attorney General Janet Reno says that she went to the President who found matters perfectly in order. What were they thinking?

and night. Korsh might have leached his self Jesus insurance, but, basking those type-writer boys, he was just another poor back trying to beat a deadline. He didn't realize it. Something wrong in the government's thinking and suddenly forbearance was outstripped by a fervent determination to get tough. Officials say that they never really believed Korsh would call it quits, and that the situation had become intolerable. For days, their kids had been in terror. Korsh was about strong spotlights and making a racket— tactics that apparently did more to wear down the nerves of the FBI than the Davidson Music didn't do the trick so Washington took the next logical step: full-scale war.

Government leaders claimed the Davidson buildings had now gone flared like clouds from a crop duster. Then came the flames, and the wind, and the heart-stopping sight of the flimsy frame structures glowing orange against the Texas horizon. Authorities insist that the Davidians torched themselves in a last Korsh gesture. Survivors say that the government's mistakes, or dilemmas—that the blaze was ignited when tanks supplied incense. Bottom line: dozens of Korsh's faithful perished. Children, too.

TELEVISION had this interesting idea that when the tear gas began circulating, mothers would gather up their youngsters and lead them to safety. Either fire broke out too quickly or the FBI did not adequately analyze the minds of those within the compound, or both. Those who escaped the inferno said that the Davidson men, as strong as both Korsh, they said, rich members donated gas masks and went to a central area where flames were less intense. But residents were shocked by the flames, said the surviving Davidians, and a bailout ensued.

In the aftermath, the new U.S. Attorney General, Janet Reno, took full responsibility—no matter it was worth—and admitted that, given the outcome, her decision to authorize the raid was calamitous. Critics said that President Bill Clinton tried to duck blame by saying that the idea was the FBI's, but actually it looked more like the chief lawyer didn't quite know what to say. Reno had discussed the raid with him and Clinton said yes, if you think that's what we ought to do.

For thus we pay our leaders good money? The FBI made a slew of gaily assumptions and then said Reno on a short-circuit solution is a dilemma calling for administration and stability. Reno says she pondered the proposal, and, at last, went to the President who found matters perfectly in order. What were they thinking?

Tuned? Too good? Mothers dutifully slung claims to safety? And what about that lousy psychological profile of Korsh? If federal authorities are correct that Korsh sat the fire, why didn't they anticipate such a dramatic act by a fellow who had showed himself to be more than a little twisted? The ranch was piled high with weapons—its bulging arsenal prompted the raid run in February—and one might have hypothesized that Korsh would urge disciples to turn guns on themselves when links began crushing through the walls. Instead, according to the government, he chose crucifixes, his baptism book, isn't that something? And government "experts" insisted that Korsh wasn't suicidal. Huh.

The more Reno and others talked, the more the government seemed overtaken by the east and cross of Money Python. Reno said that the prime reason for attacking the compound were accurate that Korsh was about using the Davidian "babes." Her statement was followed almost immediately by an FBI denial regarding any up-to-date information of the sort. Reno spoke about the weakness of the FBI's hostage rescue team—couldn't she have proven them the weakened off—and demonstrating confidence inside the compound.

Now, though, the real reason for attacking the Davidians emerged. "These people had threatened their own at low effectiveness," declared a top FBI official. Here was a rationale more compelling than the safety of the children or the evil ambitions of Korsh. The wretched rain had been blamed by a ranch hand, and that could not stand. David Korsh rejected the apocalypse and the Wacos of Washington were planned to oblige.

Fred Bruning is a writer with *Playboy* in New York.

SQUEEZING OTTAWA

EVERYONE PROMISES TO REDUCE THE DEFICIT, BUT THERE ARE FEW SPECIFICS

Once, he was a small-town car salesman. Now, still in his 50s, he is the chief financial officer of the country's largest employer, depicting his head fiscal plan to a crab-cramped audience before taking early retirement with a generous pension. Dressed in the dark tuxedo leaders prefer, he stammered his lines, after months of tough talk about spiralling deficits, had expected drastic cuts. Instead, the executive brazenly asserted his audience that he has taken steps to streamline operations and he predicted that a growing economy would increase revenues. Believing he had secured to anticipate the latest wave of reform, instead of buying the traditional new year of sales, Finance Minister Donald Macdonald revealed his old axe—and some critics charged, rehashed an old budget.

Macdonald's fragility, in fact, endorses one of the paradoxes now confounding the country's decision makers: High deficits leads not to put emphasis on government, businesses and consumers to reduce spending. But without a substantial increase in consumer spending and business investment, there is little prospect of a healthy recovery. In that case, there would be no significant increase in federal revenues that would help to reduce more sharply a deficit that rose to \$35.5 billion in the last fiscal year and is forecast to be \$32.6 billion in this year's \$29.9-billion budget. By presenting a standard

document last week that neither stimulated growth nor outlined the growing danger for transfer government, Macdonald's act reflected the problem for his successors.

In his budget, the Finance minister repeated the aphorism that has become a mantra at the Maloney years: lower program spending will enable the federal government to balance its books—eventually. Still, most of Macdonald's expenditure cuts had already been announced in a December economic statement; last week new cuts amounted to a meagre \$200 million, along with some delayed expenditures. One significant revelation: federal government revenues in the budget year that ended on March 31 were \$8 billion less than the \$32.1 billion originally forecast. As a result, Ottawa must begin in the near future to pay down its accumulated debt of about \$460 billion. "The problem is not on the expenditure side," Macdonald noted of other delivering the budget. "It is on the revenue side. And revenues have collapsed because nominal tax rates have come down and the GST

revenue has been down, corporate tax is down, personal income tax is down."

The two leading candidates in the Conservative leadership race, Environment Minister Jean Charest and Defence Minister Kim Campbell, stated their financial ministers' heads have also made extraordinary promises to eliminate the overall deficit. Charest' speaking in Quebec last week, told reporters that it will be the job of the next prime minister to "go out there and get a mandate to make the tough decisions, and the budget recognizes that reality." Earlier, he promised to eliminate the deficit in four years, should he become prime minister, by reducing the size of cabinet, the number of government departments and areas where provincial and federal government spending overlap.

Campbell, for her part, has said that she wants to balance the books in five years, and to eliminate the entire accumulated deficit by the time the baby boom generation begins to retire. She has been mute on how she would do this, however, saying that it is necessary at this stage to "come out with a grocery list at specific cuts." Said Campbell during a speech in Calgary last week: "I'm not renouncing for minister of finance. I'm running to be leader." Later, when pressed about possible changes to social programs, she said that she would be willing to "tap into our love for socialism if that was the expressed will of the voters. I think Canadians understand the situation we're in," she added.

But, although politicians of all stripes generally agree on the seriousness of the country's debt load, they are divided on how best to reduce the federal deficit. While Tories generally concentrate on cuts, the Liberals and New Democrats both claim that it is possible to balance the books through government initiatives aimed at job creation. That approach, they say, would result in higher tax revenues and a lower demand for social and other forms of publicly funded assistance. The result—a lower deficit. And opposition politicians poked fun at the Conservative leadership candidates' promises to erase the deficit in a few years. Said NDP leader Audrey McLaughlin: "Kim Campbell is saying that she would eliminate it in five years. Charest in four. I don't know why they wanted these secrets until today; they have been sitting around the cabinet table for five years."

For many New Democrats, new talk about reducing the deficit rather than introducing new programs, said McLaughlin: "There is not anyone who is not concerned with deficits and deficits." In February, she released an economic strategy paper that argued that the creation of 1.5 million new jobs over the years would reduce the deficit while helping the government avoid both tax increases and high interest rates. According to Ottawa-based futurist firm, an economic consulting firm hired by the NDP to review its plan, the approach would cost nearly \$21 billion from the deficit.

Yet even the New Democrats are divided on the

Canada Notes

THE SOMALIA SCANDAL

Admiral John Anderson, Canada's chief of the defence staff, encouraged the formation of a review committee based on testimony from the cockpit, the wing and attitudes of Canada's warplanes in Somalia. Canadian troops have been implicated in the deaths of over 500 civilians, one of whom was shot three times—in the back. Two of the deaths are under military investigation, but no charges have been laid. The opposition criticized the closed nature of the inquiry and charged the army and Defence Minister Kim Campbell, the first runner in the Conservative leadership campaign, with trying to cover up the incidents. The inquiry must report by July 30—well after the Conservatives' June 15 election.

VOTING IRREGULARITIES

Premier Catherine McKenney of Prince Edward Island asked the RCMP to investigate allegations of vote buying by the Liberal party during the March 29 election—in which the Liberals won 28 of 48 provincial seats in the province. The report was prompted by Conservative Leader Pat Miller, who was her party's vice president and claimed that she had "heard stories" of irregularities.

PLANNING STEPS DOWN

Quebec's M. Jean Pélissier, charged last month with attempting to solicit a pro-union vote in the 1991 election, resigned as leader of the Bloc Québécois. Pélissier, first elected as a Conservative in 1984, told NDP leader Lucien Bouchard in his resignation letter that he wished to fight the change.

AN ANTI-SHAKING LAW

Justice Minister Pierre Boudreault introduced legislation intended to better protect women from stalkers and children from sex offenders. The proposed legislation would create a new offence of criminal harassment, while giving judges the right to prohibit sex offenders from employment in positions of trust over children and restricting their movements.

SHAVING OTTAWA

Thigh Shave, 42, resigned as Prime Minister Brian Mulroney's chief of staff. Appointed in January 1983, Shave's long-time Tory strategist, briefly considered running for the Tory leadership and will now return to the private sector. His replacement will be senior Mulroney adviser David McLaughlin, who was responsible for overseeing the transition of power from Mulroney to the new Conservative leader chosen in June.

THE BELT TIGHTENERS



KIM CAMPBELL

She said she wants to balance the budget in five years without raising taxes—and to eliminate the accumulated federal debt, now about \$460 billion, by the time her government reaches its retirement age. She would cut spending, streamline the federal tax structure and revitalize the economy—which would increase government revenues. But critics note that Campbell has been silent on specifics.



JEAN CHAREST

He said he will balance the budget in four years, also without raising taxes. He would reduce the federal cabinet from 20 to 15 members and streamline the federal government. He would also cut the universality of some social programs—without saying which ones—and eliminate one law in federal law provided spending. But, like Campbell, Charest has yet to offer a detailed program.



PRESTON MANNING

He wants to enter the deficit in three years while preserving programs such as health care. The Reform party leader proposes to save \$10 billion by such measures as decreasing equalization payments and making contributory programs such as the Canada Pension Plan self-sustaining. Another \$8 billion would come from cuts, while revenues from a healthier economy would make up the difference.



JIM EDWARDS

The three other sitting MPs running for the Conservative leadership have all put forward specific proposals to cut the federal deficit. Edwards, for one, has introduced a 17-point plan that, among other things, calls for consolidating the number of government departments to a maximum of 20. Among Turner's proposals: abolishing the Federal Business Development Bank and selling its \$2.1 billion in assets. And Beyer has offered a seven-point plan that includes an across-the-board freeze on government spending and cancellation of the recent \$4-billion contract to purchase new military helicopters.



GARTH TURNER



PATRICK BOYER

ments at Wednesday. Last week, after the Steven Leacock of Ottawa's *Canadian Press* had been warning about the economic risks of financing government spending at the expense of jobs. A day later, McLaughlin stopped Leacock on his post box at Finance critic for the same reason, but he argued that the party remained united on economic policy.

Opposition Liberal leader Jean Chrétien, for his part, has promoted a two-track strategy that would hold the line on taxes and spending while boosting housing and infrastructure. "It's getting people back to work," Chrétien told an Ottawa audience earlier this year. "The jobs we create must not be trade-offs with other work jobs." Like New Democrats, Liberals say that those new jobs would create government revenues. But Chrétien also warned, "There will be no miracles and no quick-fix solutions to all our problems."

Instead of promoting job creation, all of the Tory leadership candidates have promised to take a harder line on government spending. In large part, they appear to have been inspired by Reform Party of Canada leader Preston Manning, who has himself promised to balance the federal government's books in three years. The Manning proposals include taxing back age-age benefits to households with above-average income, increasing employment insurance spending by 25 per cent and cutting socialisation and transfer payments to the provinces. Grants and subsidies to business and special interest groups would also

be eliminated as would regional development programs, on which Manitoba's announced severe reductions in its budget.

Although Manning was among the first to call for a radical downsizing of government and social programs, the issue is rapidly becoming a litmus test for would-be political leaders, particularly under the aegis of the Conservatives' self-proclaimed long shot,



Lead day tax (above) a \$35.5-billion revenue shortfall

Toronto's Mr. Scott Brattin, spending a \$61 like the Reform leader, said that there is room to reduce the deficit further by closing back social back the line. Brattin's solution was \$700,000 a year. A former newspaper business editor, he is also *Compass*'s optimistic deficit reduction proposal. "We say that we need to pay the bill of debt within 10 years," Brattin said. "It is financially impossible for 27 million people to pay off \$300 billion in 20 years."

Toronto's Mr. Patrick Brattin, another Tory leadership contender, has gone even further than his colleagues. He has vowed to eliminate interest in the provinces—the heart of fiscal deterioration—as well as to ship the \$8.4 billion to replace the defence department's fleet of old Sea King helicopters. "Chrétien and Campbell are talking about these major dates on the horizon," he said. "One is going to eliminate the deficit in four years and the other in five years. I think they are delusional." Brattin was also Mr. James Edwards, who said that he is in the "loser's camp" because he believes that the federal government is not, also, a passed opportunity to pay the budget. "It does not go far enough quickly," he said. He called on the government to raise another \$10 billion in spending cuts, including to bring the deficit to \$20 billion.

In reality, no attempt to drastically reduce the nation's debt is likely to succeed without both a massive rise in tax revenues and massive spending cuts—ones so radical that many reasonable wary voters would strongly resist. After nine years of propping the poppet of delinquency, the Tories now seem taken aback by the strength of the mood they worked so hard to create. "Stef Mankowski, I never thought I'd be around here long enough to hear the words, 'This is not enough,'" Wharner said. The finance minister's words after the next federal election is bound to find that they are a tight fit.

SCOTT BRATTIN: see GLEN ALLY
LUCY POWER and MARY WOOD in Ottawa

going to take a lot of risk on this one," he continued. The risk began moments after Chrétien announced his decision. "Chrétien, the finance minister, ordered the first of his cabinet to go to his basement. 'We did not even have a chance to sit down with them and go through the numbers,' he complained. Mankowski said that none of the other major budget-making agencies had yet followed the Minister's lead.

Nevertheless, however, is accustomed to criticism. In the previously wild of fiscal reality, his firm also plays the government's role. When Chrétien designated Quebec's government budget a year ago, from A to A, plus, a received more than 100,000 letters, including a great deal of harsh criticism.

As for Ottawa's downsizing, by July, progress was so far as to "re-appoint," Brattin said, "I think we probably should have announced the downsizing several months ago—when there was still time to do something about the whole issue."

BARRY CAMEL in Montreal

The great Canadian debt game

How people can stop worrying and learn to love the deficit

For them, the great Canadian debt game is no match for addled confusion in the bill, playoffs. But even among spectators who know little and could care less about fiscal deficits, the game offers moments of exhilaration, even slapstick. If you are new to some citizens that, as Finance Minister Donald Mankowski asserts, Canadians want to cut the annual budget deficit and solve government debt. But an impression is reinforced by a vibrant debate about the most active players of the debt game. The goal is to reduce government spending power. And as many as in hockey overtime, the pressure created by the debt game itself will force winners and losers. The big losers will be among the spectators—those who believe that their team by insurance against adversity, and especially those who, without jobs, now have no voice to vote.

The great game is played mainly in the corporate boardrooms along the corridors of political power, in the news rooms and among practitioners of the fiscal science, economics. There is no control among them on whether annual budget deficits and the resulting debt are appropriate, even inevitable, during the present economic slump, or simply laid at any time. There is constant agreement that government debt is evil and deadly. There is the notion to left in a hard basket. There is also wide consensus that what has to be sacrificed is balanced bookkeeping on social programs.

With a whiff of the market's pessimism that the current Canada's business system and government become economic stagnation, the game is more a contest in false compromise between politicians on the one hand and money men on the other. The game is played in the boardroom of the debt—how it may spark for many creditors and why they should turn to the government. Money men will turn up in Ottawa one day soon and impose a new order of austerity.

"When they come in," expanded To the Toronto's Finance Minister, "they will be looking for a way to cut the deficit before Mankowski's new budget." They will come on plans on time. They would take over a couple of billion of the Chrétien's money in Ottawa. They would bring in their own secretaries and computer systems. They would sit at their board rooms and set them up as offices. They would decide when they would to see our finance minister, when they would to see our governor of the Bank of Canada, and they would examine them on their terms and on their time."

Such an invasion of the alien forces could further creditors, who hold a minority portion of the government debt, will appear more than \$6 billion in Canadian assets supporting the home loans and call their loans. It also means that Ottawa will turn to the monetary fund and invite the punishments of bankruptcy—more than that, because private-sector lenders are mostly from their debts.

Meanwhile, as the great game, players compete to produce ever scarier measures of government debt. Some even feature a kind of reverse accounting services in which the debt is lowered, prompting the players to cry out more urgently for reducing programs. Whichever

group from Statistics Canada's whip line net national projected debt of about \$300 billion after deducting money owed to governments, up to the \$600 billion in gross federal external debt set in a "fiscal crisis" report by Toronto's C. D. Howe Institute.

The Dominions Council on National Accounts, its membership of 38 chief executives including the major bankers and other lenders (and others), have Canada's leading debt crisis as its calculation of \$600 billion in government debt. It then places Canada among the world's most debt-laden nations in relation to annual production, according to one rating to Canada. But assigning other nations' assets and ratings from the Paris-based Organisation for Economic Co-operation and Development. The OECD ranks Canada among mid-market countries, along with the United States and Britain.

The game runs echoes of false alarms issued a year ago about drastic changes awaiting the nation's V.I. bond, as it did, to agree to a constitutional accord.

Likewise now, deficit and debt, when increased by governments (corporate and consumer debts have risen at similar rates), figure calculation in fact, Ottawa is likely to spend nearly \$500 billion in a year between \$300 billion and \$600 billion. But even so, with no money transfers out of work, 6-11 per cent. The deficit itself to drop below \$20 billion. But it is almost impossible to Canada's productive world. Still, players in the debt game do not see Mankowski's new budget because it fails to meet the deficit, openly admitting to some security programs from the shop.

Two few weeks, new out of inflation, pressure money into jobs, and something to pay by distributing about 25 cents of every budget dollar in interest payments, forcing the economy and towards the top table. For one, one school of advanced economic thinkers argues, the budget system itself is an illiberalism exacerbation. For one thing, government budgets traditionally must assign that may restrict—education, transportation, social services, and government services, the government as one would expect a housing 14.4 per cent. It then reduced benefits by five per cent as politicians rule by the same rule. Nonetheless, it denies benefits (and economic freedom) to paid up 10 customers who get a job without "just cause."

Still, the annual budget speech is a spring ritual that annoys the single-minded deficit watchdogs, who, in turn, better the leading reason. The few warnings in the great debt game do not mean that the debt game can be won. It will keep and lead enough, one day, the well-known up in the door.

CARL MILLER

PLAYING THE RATINGS GAME

At Canadian Bond Rating Service Inc. headquarters, there is no cheerful note. "Around here, it's the numbers—and only the numbers—that speak," says Ben Neyschlag, the 46-year-old former president and managing owner of the Montreal-based company that is one of two Canadian credit-rating agencies. According to Neyschlag, it was the deficit numbers in Finance Minister Donald Mankowski's budget last week that prompted CMBRS to publish its first financial markets—and outrage Ottawa—by downgrading the federal government's bonds. "The numbers were awful," he declared. "They clearly indicated that Canada's debt has now reached the stage where it is crippling the country."

Nevertheless, a tell, this man who himself is a mathematician, made no apologies for his company's decision to stop Canada's

the AAA credit rating the country has enjoyed for decades. He argued that the budget's forecast of a \$32 billion deficit for the 1993-1994 fiscal year and the prospect of a total debt approaching \$200 billion led to an insupportable conclusion. "The situation," he said dryly, "was passed beyond the point of all pretence."

As a result, CMBRS lowered its 2001 Canada debt rating from Aaa to Aaa- (which is the lowest rating it can carry at a second highest rating—AA-plus). In just one Canada on a par with Italy, the only other country in the Group of Seven leading industrial nations without the highest possible designation. "It was not an insignificant move, nor was it, I think, 'slippery,'" Neyschlag insisted, adding that the decision had been under review for the past three years and required the unanimous approval of the Montreal firm's five senior partners. With a lower rating, Ottawa may face pressure to offer higher interest rates on some bonds, thereby increasing the government's fiscal cost.

Neyschlag anticipated the adverse reaction from Ottawa. "We realized we were

going to take a lot of flak on this one," he continued. The flak began moments after CMBRS announced its decision. "Chrétien, the finance minister, ordered the first of his cabinet to go to his basement. 'We did not even have a chance to sit down with them and go through the numbers,' he complained. Mankowski said that none of the other major budget-making agencies had yet followed the Minister's lead.

Nevertheless, however, is accustomed to criticism. In the previously wild of fiscal reality, his firm also plays the government's role. When Chrétien designated Quebec's government budget a year ago, from A to A, plus, a received more than 100,000 letters, including a great deal of harsh criticism.

As for Ottawa's downsizing, by July, progress was so far as to "re-appoint," Neyschlag said, "I think we probably should have announced the downsizing several months ago—when there was still time to do something about the whole issue."

BARRY CAMEL in Montreal



92 "Canadians want to cut the deficit." Mankowski's first budget speech/Feb. 25, 1992



93 "Canadians want a national solution to the national debt problem." Mankowski's first budget speech/April 26, 1992

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☐ EMPLOYED PART-TIME ☐ STUDENT
☐ SELF-EMPLOYED ☐ RETIRED

WHAT IS YOUR INCOME?

- ☐ 12 TO 17 ☐ 35 TO 49
☐ 18 TO 24 ☐ 50 TO 64
☐ 25 TO 34 ☐ 65 OR OVER

CANADA

rar, she says, but he still refused to stop selling the magazines. McKay argues that most men are not bothered by the open sale of pornography magazines—and that, as a result, their rights are not infringed. The only way to protect women's rights, the women say, is to prohibit the sale of such magazines in corner stores. Adds Findlay: "Men are not yet into the same position, and therefore less for discrimination."

Boroway, however, says that if the commission accepts the argument that the mere presence of pornography is a human rights violation, it could quickly lead to censorship in other areas. "Theoretically, he says, Jews could use a similar argument to demand the withdrawal of William Shakespeare's *The Merchant of Venice*, with its uncomplimentary portrayal of a Jewish moneylender, from stores and schools. Adds Boroway: "Then the libraries wouldn't be safe." And Israel says that if the commission rules in favor of McKay and Findlay, it would clearly contravene section 2 of the Charter of Rights and Freedoms, which guarantees individual freedom of expression. That, declared Israel, would be "intolerant."

Still, McKay and Findlay have received the support of dozens of anti-pornography groups, among them the Toronto-based Canadiana for Decency. The anti-pornography activists intend to appear before the commission that communicates most place, more emphasis on collective rather than individual rights when they design laws to regulate pornography. According to Dalina Smith, president of Canadiana for Decency, community standards should take into account the atmosphere of fear that many women claim is created by pornography. Adds Smith: "Collective freedoms have to take on a new, more technical rights."

But other organizations have lashed out at McKay and Findlay. Nancy Fleming, president of the Toronto-based Book and Periodical Council, says that the two women appear to have deliberately chosen a weak target—small store owners, a group that includes many first-generation immigrants. Says Fleming: "They launched their protest on the backs of three innocent businessmen."

The store owners themselves have complained of persecution. They argue that they are not breaking any laws because the offending material is displayed in accordance with municipal bylaws. And because they are small operators, they say, they cannot afford to take more than a month's ill work to attend the human rights hearings. "I'm being harassed," said Errol Glick Posk, owner of Mike's Books & Gifts. "I've never before had a complaint from a customer." Adds Peter Rosen, whose Kerosin bars par jays own the Four Star Variety store: "Why didn't they go after the big guys?" For Findlay and McKay, however, the issue is not who is selling the magazines, but what is between the covers.

TOM FENNELL



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PEACE IN THE BALANCE



WILL MILITARY FORCE BE NECESSARY TO END THE AGONY OF BOSNIA'S CIVIL WAR?

Constant Theresia Masker Cui-Gordon, Crowe got a firsthand look last week at the eastern Bosnian town where the fight for survival has touched the conscience of the world. "It blew me away," said Crowe, 44, who drove down and water past Serbian checkpoints to smuggle for 200 Canadian peacekeepers protecting Muslims trapped in besieged Sarajevo. "It was like a human mine: the people are just a bunch of zombies. There are no shops, there's no electricity, money means nothing—it's a whole town of 40,000 people with nothing to do." Nothing by day, but at night the townspeople head into the surrounding hills to search for bits of supplies as dropped from UN relief planes. Although the Bosnian Serbs have stopped their shelling of the town since an April 13 ceasefire took effect, small arms fire still cracks in the darkness. "The Muslims light torches to try to

Contributing alternatives and the possibility of renewed all-out fighting continue in the Slavonia region of Croatia as Croats attempt to recover Serbian territories taken by the Serbs in 1991.

The province of Kosovo was part of the ancient Serbian kingdom but to invading Turks in 1389. Kosovo Albanians, who account for 98 per cent of Kosovo's population, want full sovereignty, not just autonomy from Serbs. Kosovo may come under direct military control by Belgrade in the name of defending the Serbian monarchy, which dominates the economy and government. The United States has warned Serbia not to attack.

A Serbian offensive against ethnic Muslims in Kosovo last month prompted Albania to come to their aid.



Hungary has expressed concern over Serbian domination of ethnic Hungarians in the northern Serbian province of Vojvodina.

Serbia's leaders, under international pressure, have formally told Bosnian Serbs to sign the Vance-Owen peace accord. But analysts insist that Belgrade still supports the Bosnian Serbs' push to overthrow Bosnia's Lord Chetnik. The latter's fate depends on whether President Slobodan Milosevic chooses to fight a wider war.

Russia has traditionally been an ally of the Serbs. Leading to concern over possible intervention by Moscow. But Russian President Boris Yeltsin, though not a Serb, has a personal friendship with a Serbian leader, and is now urging the West to pressure Serbia to contain the conflict.

There are some fearful of ethnic violence and some, including the former Yugoslav republic of Macedonia, fear an independent country posing a threat to their own. It could lead to conflict between Serbia and Albania. Macedonia might also become involved in ethnic violence, should fighting break out in Kosovo.

Turkey may have proposed to 300 Muslim Muslims of ethnic Serbs to flee to Kosovo or Macedonia.

Tensions persist between Macedonia and Greece over the country's name. Albanians have said that the use of "Macedonian" implies national ambition over its northern province of the same name. It also causes the new nation of approximately 2,000,000 would Greek citizens to be left. Should Turkey or Albania go to the aid of Muslims in the region, Greece may support Serbia, with which it shares the Orthodox faith.

SIFTING FOR CLUES

Investigators sifted through the rubble of the Branch Davidson compound in Waco, Texas, and all their search after finding the remains of 72 people—14 short of the number reported. Officials say, however, that each brother David Koresh may have suggested the number of people with him or that bodies may have been buried in the intense April 1995.

A CLOSE CALL

Serbian-born Marica Soltes, 20, the world's No. 1 ranked women tennis player, was recovering after being stabbed in the back by a spectator during a match in Birmingham, Germany. Police arrested a 24-year-old German man, who told police that he did it because he wanted German steel to replace the No. 1 spot.

AN EMOTIONAL HOMECOMING

Israel allowed the return of 30 Palestinian detainees, some of whom had been in custody for 25 years, to the occupied West Bank and Gaza Strip. The move helped to revive Middle East peace talks, which resumed in Washington after a four-month break. Thousands of well-wishers mobbed the first Palestinian as they crossed into Israeli-occupied territory.

OUT BUT NOT DOWN

The U.S. army began discharge proceedings against decorated Persian Gulf War veteran Sgt. Jose Zougar, who publicly declared his homosexuality on the eve of a march by lesbians and gays on Washington, D.C., was recently named "Soldier of the Year" by the 501 Army and "Military Journalist of the Year."

ITALY IN FIXES

A week after the government of Prime Minister Giuliano Amato resigned because of political controversy, a new center-right government led by Antonio Di Pietro was sworn in as the head of Italy's 52nd government administration. But Camp, 72, who has no party affiliation, immediately failed to hold his coalition government together after the resignation of four cabinet ministers.

AN APOLOGY TO BLACKS

South African President F. W. de Klerk apologized for the first time for apartheid, saying that he deeply regretted the loss of freedom and dignity required in his country's black majority. De Klerk also said that although Nelson Mandela had the personal qualities of a president, his African National Congress lacked the necessary experience to rule the country.

slips in Bosnia to sign an international peace plan, some critics predicted that the same thing would only further the resolve of Serbian nationalists. An indication of that came last week when intense fighting resumed on several fronts across Bosnia. But in Washington, President Bill Clinton considered one last, desperate move: ordering a no-fly zone over public debate about the merits of West or military intervention in Bosnia—and the possibility of war expanding throughout the Balkans and beyond. Despite a lack of consensus, White House spokesmen Dee Dee Myers said that "The President believes it's the United States' mission in this case to lead, and that's what we intend to do."

U.S. intelligence agencies have reportedly warned Clinton that, if unchecked in Bosnia, the Serbs' expansionist drive could reignite the Italian powder keg that set off the First World War. But some American military lead-

ers, including Gen. Colin Powell, in terms of the Joint Chiefs of Staff, are against military intervention. One notable exception is Air Force Chief of Staff Gen. Merrill McPeak, who told a Senate subcommittee last week that aerial strikes against Serbian positions in Bosnia could be carried out with "relatively low risk to our lives." That said, McPeak cautioned that he could not predict the ultimate effect such raids would have on the Bosnian Serbs' resolve.

However, the former Canadian commander of all peacekeeping troops in Sarajevo, retired Maj. Gen. Lewis Mackenzie, appeared to have no doubts about the consequences of military intervention. Mackenzie, 62, a Meritorious aviator, predicted that any West arm attack would bring Serb retaliation, most likely against civilian refugees and UN troops. "The only thing air strikes will prove is that air strikes won't work," cautioned Mackenzie,

who met with Bosnian Serb leader Radovan Karadzic in Belgrade early last week. Any military intervention he wanted, must be massive. "We cannot toy with it," he said.

The means of using force to try to stop the fighting were also weighed as Capital Hill Republicans Sen. John Warner of Virginia, as he prepared to fly to the former Yugoslavia as a fact-finding mission last week, captured the attention of many Washington politicians. "The American public are deeply saddened by the human suffering but are not as fully understanding of the situation to send their own boys and girls to

for Serbian reprisals if the West decides to intervene militarily in Bosnia. There were some signs of hope that there might not be a scenario. Early last week, the self-proclaimed Bosnian Serb parliament announced that it could not accept the peace plan drawn up by international mediators Lord Owen and Cyrus Vance, even though the main Muslims and Croats have signed it. Bosnian Serbs are angry that the plan—which would divide Bosnia into 10 semi-autonomous provinces, largely along ethnic lines—would force them to hand over some of the territory they hold or lose gained in

winning of most food items and halted gasoline shipments to 30 towns in central. The latest mandates include a tightened land, sea, river and air blockade of all but humanitarian goods. As well, movements funds held by Yugoslav authorities were frozen. And all services except telecommunications, mail and legal business to anyone in Serbia and Montenegro were prohibited. But despite the tightening mood, evidence of smuggling abounded last week in Zagreb, a small town in southeastern Serbia near the Hungarian border. At the Cole-Puzos Border, a truck driver's "negot," a Serb-cited



Toppled moment in central Bosnia: the already perilous job of peacekeeping may become even more dangerous

fight the war," he told *Washington Post*. "Let us not let the horror of the TV pictures propel us into a conflict which we are certain that there is no clear strategic interest."

To war support for some form of stronger action on Russia, U.S. Secretary of State Warren Christopher was scheduled to fly to Europe this week for consultations with allies. France and Britain, in particular, have been reluctant to endorse stronger military action because they fear that it would endanger their soldiers who are enjoying relief concepts in Bosnia. France's defense minister, François Léotard, last week threatened to withdraw his country's more than 5,000 peacekeepers unless their mission is better defined. And French soldiers based near the Serbian capital of Belgrade began relocating to the Croatian capital of Zagreb—a move that French officials said would eliminate them as targets

of the past year of fighting. However, under increasing pressure from the civilian-led Belgrade government—and the threat of military intervention—the parliamentarians agreed by week to reconsider the plan at a session this week. That would follow a party peace talks in Geneva during the weekend, which many diplomats hoped would produce a breakthrough.

While Clinton argued that his tough talk of military action had caused the Russian Serbs to reconsider the peace plan, others maintained that nearly 13 months of UN sanctions have had a greater effect of devastating the economies of Serbia and Montenegro. Most factions are still inflexible in refusing to move from 200 per cent tariff and its average monthly income of about \$200 million most people to buy only basic foodstuffs. After last week's imposition of even tougher UN sanctions, the Belgrade government announced

Rocky insisted that tougher UN sanctions could not stop the lucrative contraband business. "It just creates smuggling more efficient and makes getting up," he said. On one afternoon, Rockwell counted 53 gasoline tanker trucks on the road around Zagreb and on the four-hour drive to Belgrade. Tellingly, five of the tankers had Bulgarian license plates.

Although smugglers and black marketers may be prospering, Serbian leaders have apparently come to realize that continued war at Bosnia will bankrupt what is left of the old Yugoslavians. In the end, say hopeful observers, pragmatism will outweigh ethnic hatreds and propel the Serbs to the negotiating table. For the Canadian troops keeping a fairly and dangerous watch in border town, peace could not come too soon.

ANTHONY BELLINO and ANJALY MACHINING in Washington and GUYTON BRADSHAW in Zagreb

RUSSIA

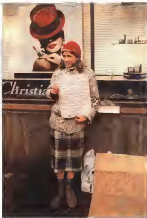
Da to Yeltsin

Personality and pork-barrelling pay off

Shedding his eyes against the bright spotlight with close, Pavel Gribachev found out his billiard for Russia's four-quarter referendum like a card player. "Yes, Da, Yes, No," the 53-year-old, Moscow engineer counted off for the benefit of voters giddy over his win. Some of them tossed him for sounding like the campaign jingle used in support of President Boris Yeltsin. But across Russia, a new law decreeing majority of Russians followed Gribachev's voting pattern: Yes to Yeltsin's leadership, Yes to his economic policies, No to early presidential elections and No to early elections for the Congress of People's Deputies—a result which allowed Yeltsin to claim a mandate of renewed confidence in his leadership. Perhaps, but when, pressed, voters like Gribachev offered only qualified support. "I am still a communist and worry that Yeltsin's policies will cause sharp class divisions," said Gribachev. "But he deserves a chance to show what he can do. Russians have a problem about not changing our horses in midstream."

The referendum had no legal impact on the power struggle between Boris and his opponents in the constitution-dominated Congress. But 53 per cent of those voters who went to the polls also endorsed the president's economic reform policies, which have, so far, only made life harder for most of them. The unexpected result surprised hard-line legislators. They had insisted on putting the direct question on Yeltsin's economic policies to the people as the clear expectation that it would result in an endorsement of reform for the president.

Yeltsin gave no sign of backing in his victory, a mistake he has made before. In 1991, at first turning back a right-wing, racist attempt, Yeltsin chose to take a tactical matter rather than his surge in popularity to press for political reforms. By contrast last week, Yeltsin charged ahead with plans for a new constitution. Unsurprisingly, the Yeltsin draft calls for a stronger presidency and replacing the un-



A Moscow woman begging for help for the pension of a doctor father

weekly, 1,070-member congress with a small, one-chamber parliament. And in a clearly personal touch, the proposed constitution positively eliminates the posts of vice-president and parliamentary speaker. That would mean an appointment for two of Yeltsin's most prominent critics: Vice-President Alexander Rutskoy and Speaker Ruden Koshcheyev. Even before the vote, Yeltsin took the fight to his opponents with a burst of pork-barrel politics. He showered Russians with promises ranging from a divorce on the retail price of gasoline to plans to fund for raising army officers. His focus in the legislature moved to curbing the presidential savings: they passed a law protecting the largest accounts of Russia or areas from the ravages of inflation. But neither side in the country's power struggle

seemed concerned that Yeltsin's first promise would add another \$800 million to government spending every month. When former acting prime minister Yegor Gdard led Yeltsin to the parliament of constitutionalism would women already having inflation, the campaigning president brushed his side aside. Said Yeltsin, "There we have it, a good victory. Then we can set things out."

Win he did. But Yeltsin did more than simply buy his way. A key factor in his success was his mastery of Russia's airwaves. Yeltsin's government still exercises a loose control over state television, and during the final week of the referendum campaign, the two national networks heavily showcased any promises of dignity to the referendum's outcome. Yeltsin's opponents rarely gained TV exposure. When they did, their appearances were swiftly followed by commentators offering scathing rebuttals to their arguments.

Russian newsmen also were treated to a stage-managed peek at their president's personal life. Presenting Yeltsin as a family man, so far-long, TV documentary showed him tending granddaughters at his home and being soaked by his wife Yelena, far from understandingly sheltering a pudgy portly Easter egg. Shots of Yeltsin at home portrayed the president as the resident of an ordinary flat in central Moscow. But the broadcast did not mention that Yeltsin and his wife spend most of their time at a more comfortable dacha on the forested outskirts of the capital. "The area is filthy and noisy," Yeltsin told Moscow journalists last month of his new year house. "The area is clean, that is, the president of Russia could invite world leaders to my apartment."

Yeltsin's Western-style campaign tactics showed just how much Russia has evolved in the last few tumultuous years. A tale of two signs at downtown Moscow underscores those changes. One is a sign with names showing massive workers going to the socialist factory under the inscription: "We are building communism." The other display is prominently the sign: "We are building communism." The sign's simple confidence in the party's future. Repeating it now would require the demolition of the building that frames it. Last week, the referendum campaign over, city workers removed a pro-Yeltsin banner hanging across the street, instead, "We are building a new Russia." To be sure, the sign of the Russian Revolution had flayed Yeltsin last month, the words on that banner paid of cloth now were in held out more hope than past communist ambitions written in stone.

MALCOLM GRAY in Moscow


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The CHINESE

WILL THEY BE CAPITALISTS?

The rich, black earth of the Pearl River Delta in south-east China's Guangdong province is some of the most fertile in the country. But this spring, the delta is sprouting almost as many construction cranes as it is rice stalks. Farmers wearing straw conical hats bend over to sink deep-water planters into seedlings. They carry out their timeless labor apparently oblivious to the disappearance of neighboring rice paddies, just as irrigation ditches away, under six feet of landfill and a five-story building. To meet the demand for even more flat land, bulldozers are clearing down the granite-green mountains that edge the delta. The bulldozers' shovels look leoparded and vulnerable with their dense tropical foliage ripped away to expose the red earth below. An old Chinese proverb says that it is easier to move a mountain than to change a man's nature. But along the Pearl River Delta, the geographical changes are less revolutionary than the philosophical ones. The very nature of China is being reinvented. Across the province, colorful government billboards tell a new motivational message from Chinese leader Deng Xiaoping: "Time is money. Efficiency is life."

Just 30 years ago, during the Cultural Revolution, capitalists and foreigners, particularly foreign businessmen, were considered enemies of the Chinese state. Now, Communist party officials are



Pearl River barges in Guangzhou; street hustlers (left); where efficiency is life

some of China's most aggressive entrepreneurs. Businessmen are responding to the changes with a degree of enthusiasm reminiscent of the gold rush fever that spread up the West Coast of North America in the 1800s. And nowhere is China's new wealth more apparent than in the Pearl River Delta. Although few Chinese are allowed to own cars, every day hundreds of Mercedes, belonging to rich businessmen or party cadres, vie for space with the imported trucks and commercial vans that jam the congested highway between Guangzhou, better known to Westerners as Canton, and Minshui, the Portuguese gambling colony.

In booming Guangzhou, the principal city of Guangdong province, long lines of people queue for the opportunity to buy their first apartment. China has averaged an enviable economic growth rate of 10 per cent a year for the last decade. Guangzhou, the province just across the border

from Hong Kong that is serving as the economic development model for China, has averaged an astonishing annual growth rate of 25 per cent for each of the last five years. But China's economic transformation is fragile. With its massive population, it is in danger of running out of natural resources as it industrializes. And it also faces such immediate problems as inflation and corruption (page 26). Deng began China's transformation in 1978 and with the exception of the sudden disturbing regression in 1989 after the army used guns and tanks to smash the violent democracy protests in Beijing's Tiananmen Square, the economic reforms gradually gathered speed. Now, China's so-called socialist-market economy is the fastest growing in the world. If the pace continues, by the end of the century China will not only have one-quarter of the world's population, it will have the world's third largest economy, after the United States and Japan.

Led by overseas Chinese investors, manufacturers have flooded into Guangdong, first to take advantage of cheap labor and land, but also with the greater hope of getting a foot in the door of what is potentially the largest consumer market in the world—1.2 billion Chinese eager for material goods. Avon, the American door-to-door cosmetics company, for example, has 15,000 saleswomen in the city of Guangzhou and, by the year 2000, it expects to have a quarter of a million Avon ladies ringing doorbells, or their Chinese equivalent, across the country. But perhaps the ultimate demonstration of the economic changes in China is a plan by Manufacturers Life Insurance Co. of Toronto, Canada, which is Hong Kong's third-largest life insurer, plans to open its first representative office in mainland China this week. Victor Anjo, vice-president and general manager of MLI in Hong Kong, "insurance is a product for the middle class. We think China is ready for it."

For his part, Canadian businessman James Tang, who is one of the more aggressive entrepreneurs leading the way into the Chinese consumer market, says that the opening of China's economy is a once-in-a-lifetime business opportunity (page 26). Tang, based in Markham, Ont., north of Toronto, says that he bought the Singer sewing machine franchise three years ago because he envisaged a huge potential demand for that type of consumer product in rapidly developing countries like China. "The well-spoken expert learned businessman is operating six plant websites in China, including a first for China, a consumer credit system that will allow Chinese customers to buy consumer goods now and pay later. China's economic boom is a modern gold rush," said Tang. "Everyone is rushing in looking to strike it rich."

More than a decade of steady economic growth combined with the Chinese government's escalating pro-business rhetoric have persuaded many investors that China is increasingly committed to economic reform. Hong Kong businessmen led the way during the 1980s by gradually moving their best manufacturing operations, including garment and consumer electronics factories, over the border into Guangdong. Now, Hong Kong manufacturers employ three million workers in China, or the equivalent of more than half of Hong Kong's total population of 5.6 million.

The early entrepreneurs' expenses, and espe-

only their profits, soon can vicariously share the risk of doing business in an officially Communist country without an insurmountable obstacle. North Korea's Telecom Ltd., the Moon Group, South-based telephone equipment manufacturer and marketer, views China as a prime market. The reason: the government plans to increase the number of telephones to 65 million by the end of the century from about 20 million now.

The Canadian company signed a joint-venture manufacturing plant four years ago in the new city of Shijiazhuang, the first special economic zone of Shijiazhuang, along the border between China and Hong Kong. Ming Li, senior managing director of Northern Telecom (Nortel) in Hong Kong, expressed agreement with Tang's gold-rush analogy. "It's true—it's just like the Wild West over there," said Ming with a laugh.

"The tension here is not just gold, actually most of the firms are frustrated, so you can make lots of money and not pay tax. Lots of people are getting rich."

But not all this glitter is gold. China faces huge obstacles in its unbridled push to join the industrialized world. Its shortage of resources and its environmental problems are growing as fast as its population. Despite China's declaration of intent to enforce its rule of one child per family, the World Bank estimates that China's population will grow to 1.9 billion people from the current 1.2 billion before stabilizing in the mid-21st century. Said Victor Seif, a professor of geography at the University of Manitoba, "China has massive environmental problems that are going to get much worse in the industrial states." Added Seif, author of China's Environmental Crisis, which is to be published this month, "To feed its people, it now uses even more land than Japan, which uses five times more land than Canada. [The Chinese] have less arable land per capita than Bangladesh." The Chinese consume only about four per cent as much wheat per capita as Canadians do, but even at that low level, said Seif, China "will run out of wheat by the end of the century."

As well, the fast economic growth of the last decade is producing inflation, now estimated at a rate of 12 per cent as urban areas. The costs of some products, especially those used in construction, are soaring. The price of cement has risen by 70 per cent in a year. And in addition to inflation, the scourge that has halted economic growth in other less developed countries, China faces the problem of widespread corruption among government officials and even people in positions of power. Foreign businessmen say that such corruption could ultimately undermine any candidate in the system.

And concerns remain about Taiwan's political instability. Despite China's sporadic economic reforms, its efforts continue to pursue a containment policy of ever tighter control over political issues. Asia Watch, a U.S.-based human rights organization, says that at least 40 political dissidents



China is having a modern gold rush. 'Everyone is hoping to strike it rich.'

were arrested in China last year and are still being held. And Deng continues to take a hardline position against demands for greater political freedom. "Once the factors of demand disappear at the farm," he said in March, "we will, if required, not hesitate to use any means to eliminate them as soon as possible."

Some observers say that even the pragmatic Chinese will not be able to sustain their unlikely marriage of conservatism between capitalism and communism for long. The only questions are whether the ideology will be gradual and sensible, or messy and violent, and who will win the family assets. Meanwhile, as eager businessmen are quick to point out, China's anarchy and authoritarian government is the main reason China has been so successful in implementing its economic reforms. Authoritarianism efficiently eliminates the kind of opposition that can make a democracy unstable and resistant to change. The businessmen do not mistake, however, that the same centralized government structure could also make it easy for China to reverse course. China's history has been marked by swift radical swings; it would not be the first time that the government has led the way on a road that is now economic extreme, only to turn and slam a steel accountable back to the other.

Still, the discount spirit among most Westerners doing business in China remains optimistic. Matthew Barnett, chairman of the Bank of Montreal, based the Pearl River Delta, Hong Kong and Taiwan last month, warning out the depth of the changes that have taken place. The bank, which already has operations in several Asian centers, including Hong Kong, is about to open its second office in China, in Guangzhou. Barnett expressed enthusiasm. "The rest of the world needs to understand the magnitude of the development taking place," he said. "Even if you don't do a dollar's worth of business in China, you have to know what's happening here because it's going to change the world."

More anxious is the fact that China appears to have the potential to overtake the rest of the developing world. "It's a little alarming," said Barnett. "China has a limitless supply of human capital with such a strong



Barnett: Guangzhou beside traffic (left). Guangzhou street (far left). You have to know what's happening—it's going to change the world.

work ethic and an inherent entrepreneurial drive that you have to wonder whether there will be any low-skill, odd jobs left at the end of the world," he added. "It is certainly a major competitive threat to Mexico and the other Latin American countries." The differences between the two regions are striking. Many officials of foreign-owned light manufacturing plants in Mexico complain of an annual turnover rate among their low-skilled workers of almost 100 per cent. But in Guangzhou, plant managers look puzzled at questions about employee turnover. They say that less than 10 per cent of their workers leave each year.

Given China's enormous potential and Canada's good relationship with the country, Barnett says that it is perceived that there are not more Canadian companies helping to develop China's outdated, inadequate transportation and communications infrastructure. "Canada is good at just about everything China needs," said Barnett, "and, yet, we are not there by our absence." Other Canadian businessmen in China—and even government officials—expressed similar opinions. Lu

Stefan, vice chairman of the Guangzhou Municipal Commission of Foreign Economic Relations and Trade, said that he would like to see more Canadian entrepreneurs at work in his province. "There are many, many business opportunities here," said Lu, "and the Chinese in Canada can play the role of a bridge between us."

But even the lack of Maoist's license is confusing. He has still not decided whether to visit or buy space for the Guangzhou office. He cited the costly example of his bank's lending in the 1970s to economically promising (underdeveloped) countries including Brazil, Argentina and Mexico, which led to massive loan losses in the 1980s. "There is always the danger," he said, "that if it grows like a weed, it could be a weed."

China is trying to attract such caution. Lu, the Guangzhou branch relations official, cites the major improvements in people's living standards as the best reason why the policy of economic reform will continue. Indeed, the narrow aisles of Guangzhou's new department stores are crisscrossed with people buying everything from cosmetics and Disney toys to washing machines and air conditioners. Said Lu, "From the government to the people, everyone believes that the million have been good for the country."

Liu's correction comes because of his own experiences. He graduated from high school in 1965, at the height of Mao Tse-tung's Cultural Revolution, which created chaos in the country in the name of encouraging to challenge and overturn all forms of traditional authority. Lu said that because his parents had been well educated, government officials sent him to the country to work as a factory laborer for 10 years. He was allowed to return in 1978. That was the year that Deng, who was accused of being a "rightist leader" during the Cultural Revolution and imprisoned, announced the Four Modernizations program. Lu was then allowed to go abroad to university. Said Lu, without a flicker of doubt, "There will be no turning back."

For the most part, Deng's economic reforms have been well planned and executed. The Chinese government encouraged its state-owned business enterprises to negotiate joint ventures with foreign companies to achieve their well-defined goals: to export foreign capital, to gain advanced technology and to acquire modern management techniques and business practices. In addition, the central govern-



ment in Beijing is having any much more authority in the provincial and city governments. Deng's reforms were crystallized again in March when the Communist Party met in Beijing and fired all the top government jobs with moderates, removing the last handful of hardliners who had shown signs of resisting the reforms.

Deng's economic reforms began, locally, in Guangdong, where he established three special development zones in 1979. Interestingly, Guangdong has been the most outward-looking of these special zones, and a hub for the world's electronics, and a hub for the world's electronics.

Two hard years ago, the banks of the Pearl River were filled with warehouses built by European trading houses who sold their modern counterparts, went on to do business with China. Dr. Sun Yat-sen, the revolutionary leader still regarded reverently by many Chinese as the "father of China," was buried in a village beside the delta. His old family house now sits beside a highway covered in dust from the nearby mountains that are being leveled to make room for more development.

Deng, now 88, made a symbolic visit to Guangdong in January, 1992, and pronounced himself pleased with the changes. Beijing, which had already begun opening new development zones in other provinces, abruptly pulled up its pants. According to the ministry of agriculture, which has expressed concern about the loss of farmland, the number of development zones across China soared to 1,200 by the end of 1992, up from just 117 at the beginning of the year. Shanghai, the southernmost airport city, is often cited as the next zone that will approach Guangdong's success, and may even provide competition for Hong Kong as a financial center.

But just as important as the internal reforms, China is also showing a new interest in looking outward to the rest of the world. It has opened two stock exchanges, in Shenzhen and Shanghai, and launched a special zone of shares for foreign investors. It has issued a few of its leading state-owned companies on the Hong Kong stock exchange (investors have flicked to such "red chip" stocks as Gateway Investment Co. Ltd., which has an auto manufacturing plant in China. Interestingly, in February, investors signed up to buy 150 times more shares in Daimler than were up for sale).

The move that best symbolizes China's eagerness to do an open-door policy is its attempt to join the world trading body, the General Agreement on Tariffs and Trade (GATT). To be accepted, China must conform to the international body's trade rules, including allowing its currency to float freely on international money markets. China's desire to join GATT is not surprising. The country is now the 128th-largest exporter in the world, a huge jump from its 34th spot when

KEEPING IT SIMPLE

With his delicate frame and shaggy white hair, Jiansu Tang looks more like a fraternal university student than the head of a \$3-billion collection of companies. Days has spacious office, with its massive desk and brand-new view of Hong Kong's magnificent harbor, seems far grander than its occupant. But he is not. Tang, 53, whose family fled to Hong Kong in 1949 as the Communists began to tighten their grip, is the hard-driving chairman and president of International Text Tech Ltd. (INTT), a Hong Kong-based electronics firm, at Markham, Ont. In just five years, Sera Tech has evolved from a tiny mother-in-law company in the computer industry to a global consumer products firm that dominates the in-ter-nation-al sewing machine industry.



Tang juggling five overseas production sites at customers in the emerging global markets



about 300 million people, and Europe has no more than 315 million. Then there are 130 million from Japan—those are the developed countries," he observed in an interview. "But the total world population is more than 5.5 billion. I thought about that and I chose simple consumer products." In 1989, INTT began importing electronic demand in such countries as China. That brought the financially troubled Super Co. of Shenzhen, Conn., which manufactures Singer sewing machines.

Compared to the discipline of electrical engineering, Tang says, the business world is easy to master. "Business is all about common sense," he said. "There are things that if you can't understand, you can't do them, I don't do them." As an engineer, he says that he was arrogant about business. "I thought it was simple, how difficult could it be?" he asked. "I could understand an electron or a molecule, I ought to be able to understand accounting."

His company, which has also bought 51 per cent of Sanyo Electric Co. Ltd. of Japan, which manufactures consumer electronic products, and is in the process of buying the German sewing machine company, G. H. Dürk, has the fewest subsidiaries to support that attitude. International Sera-Tech, which now has 40,000 employees around the world, earned a profit of \$24 million in the first nine months of the current fiscal year to date. And company shares, which were trading for less than a dollar in 1988, are now worth about \$21. These are impressive results for a single "business man" whose employees are paid—and whose main skill is common sense.

B. K. in Hong Kong

the economic reforms began in 1979. When China's trade is combined with that of Hong Kong and Taiwan, whose economies are growing more closely connected with China's, it moves up to sixth spot. But unlike Japan, the leading Asian economic power to which it is sometimes compared, China is also a major importer, which needs new ways to pay for its insatiable thirst for more than Japan ever did.

For all the reform and open, China seems calmly to close its open door that. Given the state of its market and its potential to dominate the world's economy, China's economic awakening is remarkable. But some sort of clash between capitalism and the remnants of communism still seems inevitable. "The liberal traditions of the Chinese character for communism is a sharper property," said Martin Lee, Hong Kong's most prominent pro-democracy political leader, explaining why he believes communism is destined to lose. He added, "When I have to property, I like to share point. But when I have the property, I don't like to so much any more." Whether the eventual clash is violent or merely disruptive, China's reforms are still far from complete. The mountains, however, have already begun to move.

BRENDA DUGLISH in Guangdong

THE COST OF BUSINESS

Corruption thrives in Chinese deal-making

It was late afternoon on the day of the annual Cheng Ming festival, when millions of Chinese visit the graves of their ancestors. It was a bad day to travel between Hong Kong and China. It was a worse day to try to get a last-minute seat on a ferry back to Hong Kong. But, like so many things in China, it was possible if one had, as they say here, the right connections. At the last ferry of the day waited at the dock, an immaculately dressed young businessman hurriedly filled a handful of money over to a ferry official who was grinning so broadly that he displayed a set of white teeth that made him look exactly like the pirate he was. Two minutes later, the businessman and his guest sailed profitably into the last two seats on the packed ferry. By Chinese standards, the bribe was so minor it barely counted as a gift.

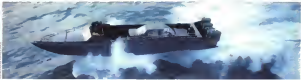
No country can claim to be free of corruption, but for citizens who do business in China say that its citizens



are "to be honest," said Gao Jinhuan, deputy head of the People's Government of Pinghu Township. "But I must admit that some people do abuse their powers to make profits." Gao, who administers one of the program's new towns that have sprung up in the outskirts of Guangdong, said that a factory manager in the town was sentenced to 15 years in jail last year for "embezzling corruption."

China has a history of allowing officials to profit from their positions of authority, the traditions of the dynasties expected to be paid for services rendered. And during the chaos of the Cultural Revolution from 1966 to 1976, there were no checks on the behavior of many people, the Chinese became accustomed to using what they called the "back door" to get things done. Corruption was one of the main complaints voiced by the students who gathered in Tiananmen Square in 1989.

The most serious publicly disclosed case of modern corruption occurred on Hainan Island, off the coast of



wallow in it. At the central government in Beijing lowers its sights on provincial and local governments, the drive to capitalism is taking some unusual twists. "Everything, and I mean everything, is considered a business opportunity," said one financial intermediary in Hong Kong who has been arranging deals in China for a decade. "It is a very different attitude for Westerners to understand. It runs contrary to everything that we've been taught in proper and decent."

The end one instance when he was approached by the Chinese representative of a Japanese company that was negotiating a deal. The man began explaining why the deal was going to fail. "It's too small," said the discoverer, "that he wanted to be me, the middleman, know that he expected to be paid a kickback to get the deal done." In the end, the Chinese and his counterpart as the China side of the negotiators sent a package of one million yuan (about \$160,000) and the deal went ahead.

Corruption has become so widespread that some businessmen are expressing concern that if Chinese officials become too associated with their own interests, they could ultimately undermine China's economic advancement. Said William Wang, a Hong Kong-born Canadian who owns a modern garment factory in Fuzhou, a industrial city outside Guangdong, "The best thing would be if, on National Day, the government executed a few people for corruption. That would stop it."

For their part, Chinese officials say that when officials are caught, they are punished. "The government is always trying to educate the people

Gao Jinhuan, a car dealer in Hong Kong, is a historical reference on the 'back door'.

southern China, in 1992. There, a group of officials illegally acquired \$2.5 billion worth of merchandise for resale to buyers all over China. But the most widely discussed official case, is the case of a former car dealer in Hong Kong for fast import into China. There, the first half of the 1990s, there were no checks on the behavior of many people, the Chinese became accustomed to using what they called the "back door" to get things done. Corruption was one of the main complaints voiced by the students who gathered in Tiananmen Square in 1989.

They want to be honest, by public security people and by senior government cadres," said one diplomat, who spoke on condition of anonymity. "It does in what's happening at the heart of the police system. They want to be honest in other areas must be honest too." In 1992, a total of 1,558 businessmen and firms were listed in Hong Kong. William Wang, a senior representative of the anti-smuggling task force of the Hong Kong police, says that more of them are quickly lured into speedboats and sent to China. One particular Mercedes truck had been stolen earlier this year when the wife of the car's owner called his car phone. "The thief who answered publicly told her that the car was already on its way to China. Later, a record of calls from the car revealed the numbers of police stations in Guangzhou and Wenzhou, a distant of downtown Hong Kong. "We're not sure what it means," said Wang. "That case is the subject of an internal investigation right now." Stephen Liao, a Hong Kong trade official in Toronto, offered a more colorful interpretation of the situation. "It means," said Liao with a snort, "that Hong Kong's policemen have very good connections."

BRENDA DUGLISH in Guangdong

A TALE OF TWO CHANS

A family divided by fear

Since 1987, 230,000 Hong Kong residents have emigrated—about half of them to Canada. Maclean's interviewed Herbert and Brenda Chan, a brother and sister who were born in Hong Kong and made different choices.

Slipping a coffee, Herbert Chan glanced around the East Vancouver restaurant, smiled and said, "It's slow here, very slow. Everything is slow." Last August, Chan left Hong Kong and joined his father, Hui-tai, his mother, Shiu-ching, two older sisters and an older brother in Vancouver. He is still trying to adjust after the frenetic pace of his birthplace. "Business activity here is not as great as Hong Kong. Vancouver is not like a big city, it's more like a small town," said 29-year-old Chan, who has worked in customer service and sales for a local jewelry company since February. "At first, everyone is fully occupied with work and with social life, so you are always in a hurry." He still marvels at some of the differences between his old and new homes. He found Vancouver last summer to be "hot and dry" compared with Hong Kong's humidity. He laughs at the "sufficiency" of the "30-percent-off, 50-percent-off sales," while "in Hong Kong's competitive environment, everything is always the lowest price." In Canada, he noted, "everyone just waits for the sales." As he tries to adjust to life in Vancouver, Chan acknowledged that he "red hipped" right now, but "I think I can be." Most of all, he misses his wife and friends.

Chan and his wife, Mary, also 26, married as civil ceremony in Hong Kong last summer. She came over in September and they celebrated with a formal wedding in Vancouver. But at the end of the month, Mary returned to Hong Kong and her job as a stock market analyst. "We were told by the immigration department that if she stayed it would take three years to get the visa," Chan explained. "And if she went back, it would only take a year. Now, we know that if she stayed, it may only have taken eight months." But looking forward to Mary's arrival and finally their new life together, he is glibly casual about their leaving Hong Kong before the Chinese takeover in 1997. "It is like the present telling the child to study, but the child is upset because there is no time to play," he said. "But to study is the right decision." He added, "The right decision may not be a happy decision. That is our situation now."

HUI QUINN is Vancouver

After discussing it for a while, Herbert Chan's sister, Brenda and her husband, Joseph Leung, have decided to stay in Hong Kong. A year ago, after seeing real estate prices more than double in 24 months, they bought an apartment for \$280,000. But even after asking that amount, they continue to agonize about whether they are making the right decision for their two young daughters. "Hong Kong is a Chinese community, so it's easy for us to



Herbert Chan and (below) Brenda Chan: torn between family, friends and increasing political uncertainties



department of a Hong Kong television network company and Leung, 46, has his own wood veneer business. They both express concern that in the future he may be forced to move his small factory to China. "It all depends on my competitors," said Leung. "If they lower their prices, then I have to think about closing." That would mean that he, like several of his friends now, would only spend weekends with his family.

The couple have been contemplating a move to Canada since 1985. They applied in 1990 only to find that their professions and education—they both have business degrees—did not gain them enough points. But because Brenda Chan's parents and four of her six siblings have immigrated to Canada and because her family has obtained the special investor status passport that Brenda is offering to Hong Kong residents, she and Leung say that they feel a little less worried about 1997. Still, Chan said, "We know some of the experiences of the people who came from China during the Cultural Revolution. They were very, very terrible. We worry about that." She added, "But what can we do? What can we do to emigrate. But can we get a better life elsewhere?"

BRENDA DALGLISH is Hong Kong

A king with no clothes is still a king.



Crown Royal



COUNTDOWN TO CHANGE

Hong Kong is bracing for a radical shift in regime

One of the rumors swirling the rounds in Hong Kong three years ago was that it was impossible to look at anyone sent out of the city for the summer of 1987 because they had all been reserved by people who learned the word after Britain hands the territory back to China on July 1 of that year. But now, with just over four years to go, the mood among some in Hong Kong has turned positively euphoric. "The feeling used to be that those people in the green uniforms would come marching over the hill," said Maureen Lee, president of the Canadian Chamber of Commerce in Hong Kong and part owner of a public relations firm. "Now, the feeling is, 'Hey, anything can happen after 1997. Let's get down and make lots of money.'"
Lee, who was born and raised in Shanghai, Min, already has plans for July 1, 1997. She has reserved a downtown hotel room—the delectable choice of \$1,997 H.K. \$3,000—to watch the celebrations that are to take place in the harbor when British hands the keys to the city, and everything else, to China.
The image of Hong Kong's gang-bro capitalists gathering to cheer

the arrival of Beijing's Communist government seems like an absurd contradiction. But in Hong Kong, the business community's current optimism springs from a seductive combination of the hopes that they are making now as recent investments in China and from the new commitment of hyper-capitalism emerging at almost every level of Chinese society. Even leader Deng Xiaoping is Beijing to the entrepreneurs doing on-the-spot bicycle repairs along the streets of Guangzhou.
Yet, at the same time, most of Hong Kong's 5.6 million citizens, especially those who have not secured second passports that they have another country to flee to in the event that life gets difficult after 1997, admit that they are deeply worried about the political changes. In one extreme expression of that anxiety, a small factory owner hanged himself in March, leaving a note saying that he did not have the courage to face 1997. That combination of euphoria and anxiety is surely as real as the alibi of a chronic condition, a result of the fact that Hong Kong's life lies at the best of the great across the border. Hong Kong constantly lives on the brink of extinction," said

Charles Kwa, vice-chancellor of the Chinese University of Hong Kong. "That's why it is very curious if it were to be tomorrow."

Many Hong Kong residents say that they have little faith in either the incoming Chinese government or the outgoing British. The Chinese government's heavy-handed, repressive policies were the reason that many of them originally fled to the territory from China over the last 40 years. And although the British have run Hong Kong efficiently, they also kept away of the best jobs for themselves, routinely quashing attempts by the overwhelming majority of Chinese to gain a say in government.

Even those people wary enough of China to emigrate from the colony distrust Britain's intentions equally. "Why is Britain suddenly promoting democracy now, after all these years?" asked Silvia Kwan, a teacher who is engaged to Canada last year and who is now studying business at the University of Toronto. She added, "I think they're setting a new bomb to go off in Hong Kong after China takes over. They don't want to see China succeed."

As a result of that underlying mistrust, British Gov. Christopher Patten continued growing opposition to proposals that he made last December to expand slightly the degree of democracy that China and Britain had agreed to in the Joint Declaration of 1984. The 50 articles of the document is known as the "one country, two systems approach." That means that Hong Kong will be able to keep a high degree of its economy and to continue with the same political, economic, legal and social systems for the next 50 years. Under that agreement, only one-third of the Legislative Council will be directly elected. Patten is trying to extend the vote to more people. Under his plan, 2.7 million people would be allowed to vote, compared to 110,000 currently, but that is still less than half of Hong Kong's 5.6 million population.

Opponent to Patten's proposal came not just from the Chinese government in Beijing as might be expected, but also from the powerful Hong Kong business community, which is now closely connected to China through thousands of deals. A Bank of Montreal report on Patten's proposal declared, "Hong Kong has opened efficiently for 150 years with its current system and has limited borrowed democracy because with its efficiencies, higher costs and adaptability to the entrepreneurial spirit."

Opposition gradually emerged even among some Hong Kong residents, who were alarmed by the hostile language and threats that China began to hurl at Patten in March. One Chinese official called Patten a "criminal who would be re-arrested for 1,000 years," and another charged him is a "jew scabber selling his body of jade." The rhetoric abated last month, however, when Chinese officials said that they did not want the dispute with Patten to slow down construction of Hong Kong's massive \$26-billion airport project. To Hong Kong's great relief, China and Britain agreed to discuss

A DIPLOMATIC VIEW

John Hogginsworth, Canada's commissioner in Hong Kong since 1989, has presided over China for 20 years. Here in Kowloon, he has held postings in both Hong Kong and Beijing. His probe with Macleod's National Business Correspondent Brenda Dalrymple in his Hong Kong office Kowloon:

Macleod's: Why is China so opposed to Gov. Christopher Patten's proposals to slightly expand the degree of democracy in Hong Kong?
Hogginsworth: China has changed its mind about Hong Kong since

1949, not democracy, for its prosperity? Hogginsworth: There are examples of fairly successful capitalism existing under underdeveloped and extremely inefficient political systems. Germany before the Second World War, Latin America under the colonists, some Asian NCA [nearly underdeveloped capitalism] in the 1960s and 1970s. But these economies didn't last, or they blew it eventually, or their economies imploded. Hong Kong was special. It had freedom without democracy. Macleod's: The business community in Hong Kong is asking China, not Patten, if it had enough Patten's slightly to prosper?

Hogginsworth: Absolutely. I think that some members of the business community are being shortchanged. They are asking Hong Kong's institutions to move away from themselves, rather than in the framework of law, order and good government. Usually, this is only a harmless admission, but all business people here have to realize that they are part of a larger whole, a larger society.

Macleod's: Why are you not an ardent supporter of democracy for Hong Kong?
Hogginsworth: Well, it's not a free-living human-rights institution. This is a hard-headed politician that recognizes that there will be a tremendous vacuum left here when the British leave. Hong Kong must keep developing responsible government, continued in the rule of law, an open society, efficiency and honesty in government—all of those traditional values they now take for granted.

Macleod's: What does it mean for Canada?
Hogginsworth: Canada has more at stake than just other countries. If things go badly, we will lose a great platform for business, a great partner in Asia and we will get significant, though less orderly, flows of people to Canada. If things go well, we will have a privileged link, through our education, to the most dynamic region in the world.



Hogginsworth: An unenviable vacuum when the British leaves Hong Kong

Nevertheless, internally, China has been following a contradictory policy of fast economic reform and political retrogression. Hong Kong, with its push for more political freedom, has gotten caught. We've had a series of crises here since Tiananmen in which the Chinese have attempted to neutralize Hong Kong politically. Macleod's: Does China seem to be saying that Hong Kong needs capital-

Patten's proposals and the two sides held their initial meetings last month. But when the final meetings take place later this summer, Patten's prime argument is in favor of expanded democracy will likely be that it is essential for Hong Kong to preserve the environment that has, so far, ensured its role as a key international business centre serving Chinese needs. Undoubtedly, the most of that point is being welcomed by the fact that Hong Kong's business community is sending the opposite message. In fact, many businessmen cite the example of the differences between China and the former Soviet Union. China has put economic reforms ahead of political reforms and, as a result, some people's living standards are dramatically improving. The Soviet Union, however, introduced political reforms before putting its economy on track, and its people are now suffering. "China is not ready for democracy yet," said William Wong, a Hong Kong-born Canadian who employs 2,000 former workers at a modern garment factory in Guangdong, China. "The country is too big and the people are too poor. To have a good democracy, people must be educated." According to that line of thought, the free-market economy will lead eventually to a



Hong Kong Gov. Patten greets a local resident, clothing with the Chinese government over the push for expanded democratic reforms

more democratic political system. But still then, the business community says that China will not allow Hong Kong's democratic reforms to get too far ahead of it.

Businessmen in Hong Kong complain that the West puts too much emphasis on human rights when dealing with economic issues. They cite as an example the current U.S. debate over whether China should continue to receive most-favored-nation trading status. Said David Li, chief executive of the Bank of East Asia and an appointed member of Hong Kong's Legislative Council, "I'm not condoning Taiwanese separatism, but when the Chinese considers democratic issues, the international at people consider as issues of human rights." He added, "I'm not saying who is right, but I think that all governments must consider not as long as they investigate them as mistakes of the past, others shouldn't go back and keep holding the government back with these issues and again."

Those on the other side of the debate claim that that viewpoint has contributed to some of history's greatest tragedies. "Businessmen follow profit, not people," said James McGroarty, a lawyer, elected member of the Legislative Council and a strong supporter of Patten. "They'll go for the system that gives them the least trouble. It's the same argument that the Jews heard in Nazi Germany before the Second World War."

Michael Sze, a senior civil servant who, in his role as secretary for constitutional affairs, is Patten's chief adviser on democratic reforms, dismisses the business community's arguments against Patten. Said Sze: "There are the people who have more than one passport to spare. What about the millions who can't leave? Refrain, he says, carries a heavy responsibility for Hong Kong's fate. 'What happens if the idea of 'one country, two systems' doesn't work?' Sze asked. "Ideals will have signed over to the million people in a highly repressive regime."

Meanwhile, Hong Kong residents cling to the hope that the tensions paid they share with the Chinese—making money—will overcome all other differences. For now, both Communists and capitalists are rising in that

HISTORICAL TIES

1760 China restricts foreign trade to Canton

1770's British traders reluctant to pay silver for China's tea and silk, start selling opium

1813 China bans opium smoking

1841 British trade representative Charles Elliot takes control of Hong Kong Island. Queen Victoria's foreign secretary, Lord Palmerston, complains, citing Hong Kong's barren island with hardly a house upon it.

1842 China formally cedes Hong Kong Island to Britain under the Treaty of Nanking, which ends the first Opium War

1895 Under British pressure, China leases the mainland New Territories and 235 surrounding islands to Britain for 99 years

1912 Sun Yat-sen establishes the Republic of China. The last Qing emperor, Pao, abdicates.

1941 Japan occupies Hong Kong. Canada has 1,975 soldiers defending the colony, 500 die

1949 Mao Tse-tung proclaims the People's Republic of China on Oct. 1.

1956-1976 China's aggressive Cultural Revolution creates chaos

1967 A labor dispute in a glass-blower factory in Hong Kong sparks political demonstrations and riots. The colony's pro-democracy movement here by improving labor legislation and beginning large government housing projects.

1984 Thatcher and Chinese premier Zhao Ziyang sign the Sino-British Joint Declaration, establishing the principle of "one country, two systems" for Hong Kong

1989 The Chinese press cracks the student democracy protest in Beijing's Tiananmen Square. More than 700 people are believed to have been killed. A million people pour into Hong Kong's streets in protest.

1991 Martin Lee's United Democrats party wins most of the 18 urban Hong Kong's first legislative council election. All three pro-China candidates are defeated.

1992 In January, Deng visits Guangdong province and launches off a new wave of economic reforms throughout China. At the same time, political controls are tightened and at least 40 political dissidents are arrested.

1992 Hong Kong's Governor, Christopher Patten, unveils a proposal to expand democracy

1992 After several months of speculation, a deal between Canada and Patten, Britain and Queen agree to meet to discuss Patten's proposals. The meetings began April 22 and are continuing

1997 China to take back Hong Kong on July 1

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FINDING A NEW LIFE

Chinese immigrants flock to Canada for security

In a modest warehouse in Toronto's old Chinatown, piles of last year's worn-out coats of Chinese men sprouting grey stains from their collars. One floor above, the buzz and clatter of their sewing machines, more than 30 Chinese women rapidly stitch together coats and business jackets. Unlike the wealthy Chinese from Hong Kong and Taiwan, who have poured billions of dollars in the Canadian economy in return for visas, the people below, at Long May Fashion Contractors Inc., are from mainland China. Like many of the workers at Long May, Bing Chang, 37, had few possessions when she arrived from Canada in 1982. And like the thousands of Chinese immigrants who came before her, and who are now on an increasingly vital part of Canadian society, Chang said that she found the adjustment difficult and the work even tougher. "It was very hard at first," said Chang. "We have to struggle to stay in Canada."

Of the 553,375 people who received landed immigrant status in Canada in 1992, one-fifth came from Hong Kong, Taiwan and China. And the positive impact of Chinese immigration is apparent in almost every corner of Canada. In Alberta, Hong Kong immigrants have poured millions of dollars into the province's energy sector. In Vancouver, new arrivals are revitalizing the downtown core. In Toronto, the Chinese are now next and the annual Dragon Boat has become a major social event. As well, many Chinese Canadians are now rising to prominence. In 1988, Vancouver businessman David Lam's contribution to his province was recognized when Prime Minister Brian Mulroney appointed him as business-governor (see box). And in 1990, Susan Ng was named chairman of the Metropolitan Toronto Police Services Board, one of the highest public

Secondness of Long May in Toronto struggling to adjust to a new country and a new lifestyle

cal posts in Canada. Ng says that her generation is finding increasing acceptance in Canada. "Chinese people have gotten ahead by sheer hard work in the past," said Ng. "But we are now getting ahead in areas like politics."

Despite the growing success of members of the Chinese community, many newcomers find that adjusting to life in their adopted country can be a wrenching experience. Family fortunes have all but disappeared in the North American real estate collapse and other immigrants see that they have lost money in illegal immigration schemes. As a result, says David C. Lee, president of the Hong Kong-Canada Business Association, and managing director of a Toronto development firm, Shiu Ping Group Ltd., many overseas and Chinese immigrants have been trapped in low-paying jobs.

Still, even with such daunting challenges ahead of them, increasing numbers of Chinese continue to flock to Canada each year. From 1982 when 16,052 people from the three countries came to Canada, 1983 and 1984 saw that number double. In 1985, the total alone doubled to 30,902 in 1986. The rush to Canada from Hong Kong is expected to accelerate if political restrictions appear likely with the return of that British colony to China in 1997. Said Jeffrey Le Boer, director of Asian Pacific Immigration for Employment and Immigration Canada in Ottawa, "A lot of people say that 1990 is the year that they will have to make a decision."

The Chinese have not always been welcome in Canada. In the early 1900s, they had to pay a head tax of \$500 to get into the country. As a result, mostly only Chinese men could afford to migrate. And even with the head tax in place, on July 1, 1983 the Liberal government of Prime Minister Mulroney replaced the Chinese Immigration Act with legislation that severely limited immigration from China. In 1987, when the legislation was repealed, dozens of families were reunited. For one, Wan Gao Lin, now 64, had not seen his father since his birth when they finally arrived on Lin's arrival from Canton in 1959. Lin, who is president of the Toronto Cantonese Society, says that his only recollection of his father during his long absence was the letters he wrote home.

By the 1970s and 1980s Canada's immigration policies came full circle with the creation of new businesslike programs that allowed skilled immigration status to rich foreign investors. Currently, well over 80 per cent of people entering the country under the business categories are from Hong Kong and Taiwan. Under the Investor Program, potential Canadian citizens with \$200,000 to \$350,000 to invest in Canada can receive landed immigrant status. As well, under the Entrepreneurial Program, business people who create a company that

employs at least one Canadian are eligible for landed immigrant status. According to Immigration Canada, the average Hong Kong immigrant in the two programs has invested \$2.5 million in Canada. In total, Chinese immigrants have invested well over \$30 billion in Canada since the mid-1970s. Wilson Ng, vice-president of marketing for the Canadian Maple Leaf Land Group Ltd., a Vancouver-based company that has invested more than \$300 million on behalf of wealthy immigrants, said that because the Hong Kong economy is booming, many investors have returned to Hong Kong with their Canadian passports. But Ng says that Canada will still likely see an increase in skilled immigrants. Said Ng, "They will still want the assurance of a second passport."

Andrew Chan, of Richmond, B.C., is typical of the wealthy Hong Kong Chinese who are seeking political and economic security in Canada. Chan said that he received his landed immigrant status in 1986, after he placed a large amount of money in a fund that invests in small companies in Manitoba. He said that he decided to relocate his family to Canada because he loved the Conservatives. Said Chan, "I do not want some culture

seen event to hurt my family when the government changes."

As well, many Chinese Canadians who come here as students are now in business and are using Canada as a base from which to expand their operations into southeast Asia. For one, developer Daniel Rong who launched Shui Tsang in the early 1970s has since expanded to Hong Kong, Bangkok and Taipei where he hopes to become a major force in a number of industries. As a result, the trust is almost unanimously said Hong: "A lot of us started to make my wife and me to move so that we could be together."

In comparison to immigrants like Hong, recently arrived wedding planner Chinese first came for celebration in recently found a job. Said this Q. Lee, who emigrated from Shanghai in 1989 and who now operates a sewing machine at Long May. "I have to work hard but I have a stable job." Got Yung Chan, who came from Canton in 1984, works a dressmaker, and even about \$30 a hour, in the same shop. Like Lee, Chan can barely speak English, but she said, "The money, very happy to be here."

While most of the Chinese newcomers live in Vancouver, Montreal and Toronto, it is British Columbia's lower mainland that has been changed most dramatically because of immigration. The Chinese now make up 12.1 per cent of all new immigrants to Vancouver. And in the first six months of 1993, according to federal government statistics, new immigrants and businesses came primarily by Chinese from Hong Kong and Taiwan combined \$2 billion to the B.C. economy. These most dramatic impacts have been in real estate. One of Hong Kong's richest developers, Li Ka-shing, is spending \$2.5 billion to develop the former Expo '86 lands in the city.



Lee, president to the Canadian system has taught respect for justice, law and order

located this from being Canadianized. Maclean's. As southern China opens up, are many recent arrivals returning to Hong Kong to invest there rather than in British Columbia?

Lee: Yes, definitely, we have seen many cases of that. Over the past three years, growth in Hong has not been less than 15 per cent annually. But I am worried that they will come to appreciate the kind of peace, law and order that we give them—the kind of acceptance that they have tasted here.

Maclean's: And what of Hong Kong's future?

Lee: If Hong Kong, after 1997, should be considered a Chinese city, it would be no different than Guangzhou, or Shanghai. The attraction of Hong Kong is its uniquely westernized rule of law. Maintaining that is the key.

LEARNING TO ADAPT

David C. (See-Chat) Lee, 68, became the nation's first Chinese-Canadian businessman in 1968. Born in Hong Kong, he immigrated to Vancouver 36 years ago and, as a major real estate investor, helped shape the city skyline. Lee, appointed a member of the Order of Canada in 1989, is known for his philanthropy. At his official residence in Victoria, the family Government House mansion, Lee spoke with Vancouver Business Chief Ted Quinn, Esq., B.C.

Maclean's: Why did you first move to Vancouver?

Lee: My wife and I both love nature, flowers and gardening. In Hong Kong, that's not easy. When we first came to Vancouver it was so beautiful, it brought tears to our eyes.

Maclean's: Was it a difficult transition?

Lee: We lived in a hotel for six-and-a-half months, and every day I went out job hunting. When the money ran out, I got a job selling for a small real estate company.

Maclean's: How would you compare the changes in Chinese society of Vancouver?

Lee: When we first arrived, I used to say that this community here was about 50 years behind. People represented the several era of Chinese by the food. If you order certain things, that you are of that era.

Maclean's: Has the community changed substantially?

Lee: When we came here, we had to speak English—a small village south of Canton, now called Guangzhou—so that is why most of the earlier Chinese came from that area; now they have to learn Cantonese, which 98 per cent of Hong Kong people speak, because we are bilingual there.

Maclean's: How has Vancouver itself influenced the Chinese community?

Lee: When charitable organizations were formed in Chinatown, a lot of the local Chinese became volunteers. I believe the Chinese

home in established Vancouver neighborhoods to make any far larger losses. For his part, Li-Guy David Lee has urged newcomers to be sensitive to the city's existing culture. But he acknowledged, "The old British Columbia has passed."

Many other Chinese immigrants who emigrated a bright future in Canada have suffered in the economic recession. Hong said that her husband's requests have been downgraded after his business as an attempt to get jobs for which they are overqualified. "Not everyone who comes here has deep pockets," said Hong. "It's been very hard on some people." But for most Chinese newcomers, Canada is still the land of the dream and a place where when the first few immigrants arrived more than a century ago.

THE LONG ROAD BACK

THESE IS NO QUICK RELIEF IN SIGHT AT THE TOP OR THE BOTTOM OF THE TROUBLED HEES-EDDER EMPIRE

Raymond Budd has lost a lot of money over the past eight months. So has Peter Bruffman. Both men have major portions of their savings invested in the listless Hees-Edder group of companies—last at opposite ends of the empire. Budd, a 36-year-old former postal worker who says that he saved and invested diligently for years and who now plays the stock market fulltime, bought 10,000 shares in Royal Trust Co. Ltd., one of the operating companies in the group, for \$4.30 apiece last September. Last week, those shares closed at 31 cents. And Budd says that if the proposed sale of Royal Trust to the Royal Bank, announced in March, proceeds as planned, he loses that the shares may become worthless. As a result, his growth he announced the formation of a committee of shareholders to investigate the deal. Meanwhile, at the top of the pyramid, the group's headman, 65, effectively controls Edger's enterprises Ltd., a key holding company. Since last fall, the value of his personal stake in Edger has declined by close to \$50 million. Last week, in a brief interview, the publicity-shy tycoon said that he would never be willing to relinquish his total control of the empire, if that would bring a rebound. When asked if the worst of Hees-Edder's problems are behind it, Bruffman replied wearily: "I sure hope so."

But to ensure what he calls, both Budd and Bruffman, and thousands of other Hees-Edger investors and employees, clearly realize that a turnaround in a hurry may not be best. At the group's height in the late 1980s, it controlled some of Canada's best-known companies, including Royal Trust, John Labatt Ltd., Noranda Inc., MacMillan Bloedel Ltd. and London Life Insurance Co., all larded by scores of holding companies. But it has been badly hit by the recession. In February, under pressure from lenders to raise cash, Hees-Edder managers sold off the group's

controlling stakes in Labatt and MacMillan Bloedel for a total of \$5 billion. Since then, they began to simplify the group's overall structure and agreed to sell Royal Trust to the bank. But that deal alone, analysts called it a debt-ridden sale) spiraled counterweight right now. And many shareholders and financial analysts are now also questioning the managers' plan to disentangle the rest of the Edger empire.

For Peter Bruffman and his brother Edward, 65, the business affairs have taken on a personal tilt. The two have always shunned the spotlight and, since the early 1970s, they have entrusted the direction of their companies to a small group of executives led by the South African-born accountant Jack Coskwell. Edward Bruffman, in fact, began working out of the company in 1980. Last week, seated in the audience at Noranda's annual shareholders' meeting in Toronto, Peter Bruffman was reluctant to answer questions about business, saying that the group has been a victim of unfair publicity in recent months. Looking ahead, Bruffman said that he would support his managers' efforts to restructure the group.

But he is not without his own underlying interest in Edger. "Control by itself is not an important issue," he said. But he added that he was saddened by the sale of some of the group's prized operating companies. "You have to be bloody-minded sometimes," he said. "Very often in life, you are torn between your heart and your intellect."

In the case of Royal Trust, however, the managers' attempt to use the company by selling it to the Royal Bank has wiped out most of the value of its stock. Royal Trust, Royal Trust's parent company, will receive \$1.9 billion from the sale, but its lenders, bankholders and preferred shareholders all cash ahead of common shareholders in



Peter Bruffman:

"Very often in life, you are torn between your heart and your intellect."

claiming a share of the proceeds. Alan Tuckman, an analyst with the Toronto-based brokerage firm Melnick McCarthy Inc., predicts that there will be no sale for common or preferred shareholders.

Budd, for one, says that he is furious. He said that, until the sale, the company's financial statements and its managers portrayed it as healthy and solvent. On April 26, Budd announced the formation of a shareholders' committee at a news conference; he claims that he has received scores of letters of support, but has not agreed to name any other committee members.

Aside from the collapse in Royal Trust's finances, Budd said that he is concerned

that management may have placed its own interests and those of Hees-Edger ahead of those of shareholders. For one thing, two group holding companies, Bessing Ltd. and Trifin Financial Corp., have now offered to loan money to their own executives and managers—as well as those in operating companies—who need to refinance the loans they have used to purchase group stock. The purchase of company shares has been a controversial aspect of the

network of shares owned by some group companies and owned by others have also provoked questions. Last week, at Noranda's annual meeting and at a special meeting of Labatt shareholders, stockholders asked managers about the changes in their accounting of Hees-Edger shares. Both companies' disclosures of shares as long-term investments rather than marketable securities. That allowed them to continue to record the shares at their original value, close to \$20 million for Noranda and \$650 million for Labatt, rather than their now much lower market value. But both Noranda and Labatt's chairman, Al Powell, and Budd's president, George Taylor, said that Hees-Edger companies have agreed to buy back the shares at full value over the next several years.

Last week, Labatt also began to review its management fees with the Hees-Edger group. Taylor said that the company will reduce its board of directors to 15 members from 25. Up to 10 executives with close links to the group will likely step down. Taylor said Macdonald that he has "mixed emotions" about the deal. But he added that it has allowed some money among Labatt's shareholders. "It has given our shareholders a new freedom."

Without the group's senior holding companies, executives also are a long way from recovery. Bob Harding, president of Inter-International Banking Corp., said that "many of the strategies are behind us." But he added that while the group's financial structure, he did not know what it will eventually look like or what Peter Bruffman's role will be. Raymond Budd cannot predict what will happen either, but, for the moment, he appears to be one of the most determined to find out.

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or despite that it is conducting an investigation. Officials at both Royal Trust and Trifin said that the commission had not contacted them. Trifin's chief financial officer, Frank Lechin, said that Trifin bought the shares last December as part of its annual short-term cash flow management and that it sold Royal Trust then that it would cash them in at the first opportunity—the end of the first quarter of 1991.

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Business Notes

U.S. ECONOMY SHOWS

The U.S. economy slowed sharply in the first three months of the year after a vigorous burst of growth in the final quarter of 1990. According to the Commerce Department, the gross domestic product slipped at an annual rate of only 1.8 per cent between January and the end of March. That is less than half the 4.7 per cent posted in the final quarter of last year. Economists, who had predicted a 3.4 per cent rate of growth for the period, cited weak consumer spending and declines in industry cuts for the weak performance. Meanwhile in Canada, Statistics Canada reported that the domestic economy grew by 0.4 per cent in February. The value of goods and services produced in that month resulted in an annual rate of 0.923 billion, exceeding the pre-recession peak of March, 1990.

A HOME RUN

More than a year after putting their controversial \$675-million bid for the Calgary-based Hays (H) Co. Ltd. up for sale, Oxygas & York Developments Ltd. of Toronto and Gulf Canada Resources Ltd. of Calgary have sold about 21.6 million shares in a group of investors at a bid of \$38 million, or \$1.75 each. Gulf was formerly controlled by the Richman brothers, whose OGY stock is now under creditor control.

STEEL PLANT PLANS

Two Canadian steel companies announced plans to build a \$25-million steel recycling mill in Waukegan, Ill. The mill will be operated in partnership by Dabco Inc. of Hamilton and Co-Steel Inc. of Toronto and will employ 300 workers at startup in 1995.

MACK CUTS BACK

Aviation by U.S. employees of Mack Trucks Inc. in Montreal, Pa., to accept contract concessions demanded by management in closing the doors of an assembly plant in Ontario, Ont. The company, which is a Canadian subsidiary of the U.S. parent, has agreed to contract concessions.

INSIDER TRADING FINES

Nearg with business finances, Michael Deane, the founder and former chief executive of Burlington, Ont.-based Ladlow Inc., a waste management and transportation company, agreed to pay \$25 million in fines to the Ontario government and compensation to investors under a settlement reached with the Ontario Securities Commission following allegations of insider trading.

JOHN DALL

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IT JUST FEELS RIGHT

Sharing the wealth

'Pink Floyd' was a cultural patron saint

BY PETER C. NEWMAN

About five years ago, Floyd Chalmers' death seemed a distant memory to me at his Maclean's office. His passing, who had been his faithful secretary for 10 years, considered his absence unusual though she decided to stay in his downtown Toronto apartment to see what the problems might be.

She arrived just before noon and found him still leaning in bed, though apparently feeling fit and rested. When Harburg asked Chalmers why he wasn't getting up, he looked at her carefully and, pointing to the room's walls crisscrossed with diplomas, medals and plaques honoring his achievements, snapped: "Why should I? I've done everything there is to do."

Many men could lay claim to such a unique distinction, it was Floyd Sherman Chalmers, who died last week at 94. His six decades in publishing and especially his creative leadership in that rarest of Canadian activities—personal philanthropy, set some personal-best standards—his own.

I knew Chalmers first as a boss and later as a friend for more than three decades, but what I remember best was not that meeting. Truth out of controversy with no viable work prospects, I had read a guidebook about how to act a job and for some reason was struck by the suggestion that the best way to demonstrate a sense of responsibility was to wear a dachshund the next calendar in the 1950s. This advice puzzled me because at every job interview, I was asked to park my hat and coat before being my prospective employers. I quickly decided that the reason I wasn't being hired was obvious: nobody knew I wore a hat. When Floyd Chalmers agreed to see me about a junior opening on *The Financial Post*, I was determined not to repeat my mistake and, after wearing his assistant for my headpiece, proudly laid it on his desk, right under his nose. Chalmers looked down at the hat, glanced at me, then eyed the hat again, and certain whether to tell me: baffled by my obvious lack of pur-

suiting qualifications or disconcerted by what he must have interpreted as my inability to find a hat decent. For some reason we elbowed when I nervously explained the purpose of the hat, and he laid me out—at \$185 a month. I'm worn a hat ever since.

As he did for so many young people, Floyd Chalmers took a chance and gave me an opportunity to see where my own efforts would



Chalmers devouring Ernest Hemingway books in his son's attic.

lead. On a public celebration of his 90th birthday, about 800 individuals and 250 organizations in various branches of Canada's cultural endeavors were listed in honor of the Chalmers generosity.

Born in Chicago, Chalmers spent most of his childhood with his paternal grandparents in Fordham, N.Y. His grandfather, in his later recalled, was "a strict and bitter woman" who forbade him to read books. His only literary escape was in his aunt's attic, where he devoured Ernest Hemingway books, trying to learn their message of business success through hard work and high principles. He eventually moved to the U.S. and, just left high school at 16 for an apprentice reporter's job at the *Toronto Star*. He later switched to

a 800-week job on *The Financial Post*, which had a circulation of 4,000 and a news staff of 25 (one reporter doubled as an advertiser). In 1931, Floyd married Jean Ross, a former *Post* secretary, and, at 27, became the paper's chief manager.

Chalmers spent most of his decades with Maclean's (he was publisher of Maclean's), only half that time in charge of its operations. His partners (G.D. John H. Maclean and Horace Hunter) gave the company the respect of their names, but it was Chalmers who contributed the editorial perceptions that raised the small Toronto publishing house into a national institution. He began to acquire talent when he joined the staff based in 1936 and eventually earned 22 per cent. The acquiring value of these stories inspired his philanthropic activities. Part of Chalmers' attraction to cultural pursuits flowed from his feelings of intellectual inadequacy in a high school dropout. (When, in honor of York University in Toronto,

Chalmers was offered an honorary degree, he chose a B.A.—the only honorary undergraduate degree ever awarded by a Canadian university.)

Along with his wife, Jean, and his daughter, Joan, he became Canada's cultural patron saint, not so much because he gave his money away but because he donated his time. His considerable organizational abilities and his impressive contacts with Canada's elite circles—Chalmers became co-founder of the Canadian Opera Company and the Standard Shakespearean Festival as well as sponsoring dozens of awards, prizes and prizes in theatre, opera, music and dance—his greatest gesture was to donate \$10 million in the form of Maclean's (he died at 36 after operations in the fall of 1989).

By valuing the shares, then selling on the market at \$12, at \$1 a share, which had been their worth when control documents were introduced in 1971, Chalmers was able to pass on the \$8,500 million donation tax-free.

Floyd Chalmers lived his politics in "moderation" and, although he seemed a crusty conservative, he was also radical in the sense of wanting to speed up the processes of change and reform. His was enormous pride of a legacy from the York student newspaper that returned to him as Pink Floyd. That's probably as good a way to remember him as any: one of those rare Establishment figures who realized that men and women lose their chance for creative expression only when they're given up their quest—and that at times they require a push in the right direction. Even when those pesky upstairs think a hat under your nose

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BEHAVIOR

Animal farms

Are zoos and circuses causing suffering?

For generations of Canadians, trips to the circus were the highlight of many a long, hot summer. Every year, families flocked to the big top to laugh at bawling clowns, marvel at heart-stopping high-wire acts and applaud the skill of acrobatic horseback riders. But the biggest thrills were provided by the animal-showcase beasts from the mysterious jungles of far-off Africa and Asia. Children screamed with delight as tigers jumped through fiery hoops to the crack of a trainer's whip or elephants wrangled above pigs in their trucks and performed a dizzy variety. However, last year, Toronto followed the example of several other Canadian cities and banned acts using exotic animals. The greatest show on earth, said the politicians, was actually cruel and unsafe. Meanwhile, wild circus managers, who joined forces with Toronto's SkyDome stadium and took the city to court. Last month, the Ontario Court of Appeal struck down the prohibition. "Every kid loves circus animals," said Tony O'Donoghue, a Toronto city councillor. "It's a part of childhood." While the ruling reopened the showplace of Canada's wealthiest rodeo and animal market to circuses and other animal exhibitors, the debate still rages over the treatment of animals exploited commercially.

Animal welfare supporters have persuaded several cities, including Vancouver and Winnipeg, to turn away circus troupes that come to town with tigers or other beasts in tow. "We are finding wild animals to be dangerous things," said Meghan MacDonald, program director of the Canadian Federation of Humane Societies. Other cities claim that exotic animals, driven by instinct to roam free, stress and suffer from boredom, dissatisfaction and self-mutilation. Their opposition dealt not only with circuses, but also with zoos, roadside attractions and animals kept as pets. However, heightened public interest has led both or-

ganizations and zoos to make life better for animals. Vancouver's 21-acre Stanley Park Zoo is now closing its original grounds and building new homes for some animals. The zoo will have more spacious quarters. "We can't just keep these animals to entertain us," said manager Michael Mackintosh. "Those days are over."

Many experts say that bawling jungle



Georgia (retires) Circus: It's a part of childhood.

animals altogether would be extreme. "What we need are minimum standards to protect animals," said Dale Smith, an assistant professor at the Ontario Veterinary College in Guelph. That view was reflected in Vancouver's decision to welcome circus animals back to town; the city elected to push for higher animal-care standards rather than try to ban the circuses out. Toronto had originally said the door after concluding that some animals were being treated cruelly. But other experts envisioned so the emotional debate about that wild animals performing in a confined space can endanger the public. In one

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SUBARU IMPREZA

BEHAVIOR

come six elephants frightened by the noise of a falling ladder at a 1989 show of the Gar (the Brothers Circus) Toronto's Maple Leaf Gardens, nearly blundered into a group of fans in shockers.

Circus officials claim such incidents are exaggerated. "We have not had a single accident in 100 years," said Richard Frenschman, a spokesman for the Ringling Bros. and Barnum & Bailey Circus, headquartered in Victoria, B.C., which joined the fight against the Toronto byline. "We don't treat animals as a threat." As evidence, he says that Ringling Bros. performs to 11 million people in 92 U.S. cities each year and, while there have been protests by animal rights groups, "we've been at the forefront of animal welfare for years. Five owners heard of a case where an animal was depressed."

But critics say captive animals are kept under conditions that cause enormous medical and psychological problems. Naomi B.C., veterinarian Ken Langellier says that what he sees in elephants after sixteen hours of malnourished trips, elephants with their legs broken off and elephants being one another or being severely. When they are finished jumping through hoops or walking in lines, animals often travel to the next town in cages barely large enough to hold them, Langellier said. Added Langellier, who has investigated the treatment of circus animals for several years: "It's not a lot of psychic behavior."

Experts have found similar behavior in lions and roadside exhibits where wild creatures may stay in tiny cages for most of their lives. Robert Lauder recalled once visiting a small roadside zoo in Niagara Beach, Ont.



Stanley Park polar bear: more privacy

"It looked like boy scouts had built a cave over a weekend," said Lauder, now a director of Zoological Canada, a private organization devoted to protect animals in captivity. He found a shaggy four-month-old bear bawling

like an infant, while other animals crouched nearby in cages covered in excrement.

In many animals, the stress of captivity, combined with aggressive instincts, can be a dangerous mix. In Mississauga, Ont., a 600-pound tiger bled at the Sunset Circus in 1990 and ran around a shopping centre parking lot for 10 minutes before being captured. That followed a 1988 riotous rehearsal of the Moscow Circus at an exhibition ground in Toronto when a rebellion bear chased its trainer and ran from the tent as a short-lived bid for freedom. The hazards even extend to exotic pets. Last year, a python severed its owner, Mark Neville of Brampton, Ont., to death. Five years ago, in Waterloo, Ont., a crocodile being walked on a leash munched a four-year-old child. "These are large, dangerous animals," said Lauder. "If they become enraged outside a cage, there is not much you can do."

But public awareness is forcing zoos and circuses to respond by treating animals with respect and housing them in comfort. Midwestern zoos provide larger enclosures that give animals more privacy and relieve their desire of entertainment. At the Calgary Zoo's Denison Wildlife Conservation Center, cold-weather animals can live beyond the public glare in a 320-acre conservation area. Said Robert Cooper, the zoo's head of veterinary services: "Animals can choose if they want to see you."

DAVID BRADY

FILMS

Sex, lies and kung fu

Pretenders and a pugilist kick up a fuss

MUCH ADO ABOUT NOTHING
Directed by Kenneth Branagh

Graeme Wolff, who bolstered the test of *Othello* to create a brilliant Shakespeare movie, once said "You can't put a play on the screen. I don't believe in that. I don't think Shakespeare would have believed in it." Picking up where Wolff left off, Britain's Kenneth Branagh is determined to have his with Shakespeare. In 1989, he filmed a thrilling, in-your-face *Henry V*. And now, he directs and stars in a giddy version of *Much Ado About Nothing* that is as over-the-top as a Hollywood screwball comedy.

Branagh takes *Much Ado* out doors, letting almost every scene back in the gorgeous sun of a Tuscan summer. He shot the movie at



Thompson (left), Beckinsale: a bawdy tale of deception

a 14th-century Italian villa overlooking the Tuscan hills that Leonardo da Vinci used as a backdrop for the *Mona Lisa*. The scenes are brimming with so much bawdiness that it seems the actors themselves are obliged to have landed roles in such an offbeat setting—especially Branagh's wife, Emma Thompson, who skips through the movie with a radiant smile and a deep tan.

Much Ado is a bawdy tale of courtship romance among the Italian nobility. Branagh has shifted the setting to an unspecified time in the 16th or 17th century, giving it a more modern feel, but not enough to make the Elizabethan language sound anachronistic. The director has cast himself as the self-absorbed Benedick, who is constantly leading with the self-proclaimed Beatrice (Thompson). By a miracle, even now, their friends trick them into believing that they are the object of each other's infatuation. Meanwhile, a more subtle deception, executed by the spiteful Don John (Keanu Reeves), ensues: He leads the young Count Claudio (Robert Lewis) to thinking that Hero (Kate Beckinsale), his bride-to-be, has had about her virginity. As an actor and director,

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How LEXUS used *magazines* to accelerate sales in a stalled economy.

MARKETING CANADA: PORTRAITS OF SUCCESS

IN 1990 LEXUS launched its SC 400 coupe into a depressed luxury car market, dominated by Mercedes Benz and BMW. Their goal was to capture a 10% share which meant selling 230 cars.

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Lexus ran full-page 4C ads in ten and art magazines. The ads captured the sporty look of the SC 400 and told the coupe's story without being too serious - after all, the car is fun to drive. The ads were also coordinated with Lexus's direct marketing efforts. Each ad contained just enough information to encourage readers to call the Lexus 1-800 number, which appeared on each ad, to get more information.

"The campaign was very successful. Sales of the SC 400 doubled the objective and market share exceeded 25%. Sales would have exceeded 800, if there had been adequate supply," said Jeffery.

"When demand for the SC 400 exceeded supply, a double-page spread was developed to promote the whole Lexus family. In this way the success of the coupe rubbed off on to the sedan."

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Wayne Jeffery
General Manager, Lexus



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FILMS

Sitting in limbo

*Two Generation X women
suffer their own big chill*

BOOKS, BEST AND MOTION
Directed by Michael Steinberg

Even discounting the existence of an title, the movie bears a striking resemblance to its kin and midsize (1995) *Boys, Don't Cry* and *Boys, Don't Cry* is another very controversial drama about two women, a selfish male with designs on both of them and a chaste stranger who disrupts their lives. And it, too, addresses the quandary facing so-called Generation X—young adults who have seen the future and grown a bleak. Despite the parallels, the new film is not derivative. American writer Roger Hedden adapted it from his own play, which premiered before *Boys, Don't Cry* and *Boys, Don't Cry* was made. *Boys, Don't Cry* is a less impressive movie. But, considering that it is largely about inertia, it has surprising vitality and wit.

The film borrows its title from Newton's First Law of Motion, which states that a body will remain at rest, or will move in a straight line, unless acted upon by an outside force. The bodies at rest are Beth (Shirley Fonda), a bored waitress, and Carol (Frances Conroy), a neighbor who works in a mall. Beth is engaged to living with an upcoming TV salesman named Nick, played with twinky sexuality by Tim Roth. He is the body in motion, consciously changing jobs and jobs. One day he tells Beth that they are coming from Acorns to Bette. Most—but instead he leaves with out her. Beth seeks solace from her friend Carol, who is also Nick's neighbor. Then in walks Ted (quarantined by Fonda's real life boyfriend, Eric Stoltz), a cherry tradesman who has come to repair the house—and ending reuniting everyone's relationship.

Director Michael Steinberg focuses his drama with bold use of music and landscape. He intercuts haunting images of the Acorns desert with the alien geometry of escalators and strip malls. The drama itself takes place largely indoors, with the actors playfully negotiating the edges of an unpredictable script. Fonda and Stoltz perform a love scene of shocking intimacy, although there is no graphic nudity. Rich, meanwhile, is the consummate degenerate. *Boys, Don't Cry* is about inertia, but it never succumbs to it.

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FOR THE RECORD

Rock of rages

Protests, visions—and all that jazz

STAIN
Living Colour
(Globe/Scope)

In the alien, coarse world of hard rock, Living Colour is a diamond in the rough. Although the all-black New York City-based band can thrash and crunch with the best of them, it is the group's sizzling social conscience that sets it apart from the pack. Like the band's previous two albums, *Stain* opens topics as serious as racism and media burnout. But Living Colour's latest recording is its most effective, because the politics of the songs have added to a more personal perspective. Several members, including Go Away and Ignorance as They, are writers from the point of view of disaffected individuals who have watched one too many global tragedies on television. And Corey Glover sings them all with a palpable rage. *Passion*, which guitarist Vernon Reid

says that he wrote partly in response to the 1991 massacre of women at the University of Montreal, is particularly disheartening, expressing the heated anger of a madman on a mission. In fact, only the humorous *Go*, one of the few hard-rock songs ever to deal openly with homosexuality, offers any relief from the album's dark vision. But Living Colour's unflinching look at weighty subjects is oddly refreshing; it gives new meaning to the term "heavy metal."

BLACK AND SUN AND MOON
Midnight Oil
(Columbia/Scope)

With their brilliant album *Diesel* and *Just*, Australia's Midnight Oil became the leading exponents of protest rock in the late 1980s. The songs, especially the incendiary single *Back in Black*, about indigenous land rights, were loud, stirring, almost inhumanly

raucous to areas that rivaled The Clash's angriest outbursts of a decade earlier. *Blue Sky Morning*, the band's six-song opening follow-up album, continued to tackle tough issues, including environmental crisis and corporate greed. But singer Peter Garrett's then derisive angry roar had become reduced to an occasional burst of outrage.

On *Midnight Oil's* latest release, *Just* and *Run out Mean*, Garrett sounds almost as if he is pining. The problem is not the happier, more optimistic material—even bands with the blottiest of outlooks are entitled to find rays of sunshine. But songs like *Outward of Love* and the title track, with its hopeful message about the "human tribe," lack any lasting resonance. And musically, the album seems rigid in 1990s nostalgia. Only *Tragedies*, which contrasts Australia's traditional support for the monarchy with its historical oppression of Aborigines, breathes with any intensity. Ultimately *Midnight Oil* may have to go searching for new causes to regain its former fury.

BLACK TIE WHITE NOISE
David Bowie
(A&M/AMG)

The actor in him has led David Bowie to change personas in often as many people change wardrobes. And his biting, almost iron style of style has caused his music to suffer. After several disastrous mid-1980s albums, Bowie abandoned solo work altogether



Living Colour: their weighty subjects give new meaning to the term "heavy metal"

for a collective project, the hard-rock band *The Machine*. But now the solo artist is back with a new release and—surprise—some of his best work in years. *Black Tie White Noise* reunites him with Nile Rodgers, who produced Bowie's most successful album ever, 1983's *Let's Dance*. Jazzier and funkier than their previous collaborations, it is an eclectic, horn-fueled affair that features Bowie as saxophone and just great Lester Bowie (no relation) on trumpet.

Two of the album's best tracks are instru-

mentals, the playful *Leaving for Lester* and *The Machine*, an ironic version of the song Bowie wrote for his new wife, supermodel Iman. The rhythm and blues ballad *Don't Let Me Down and Down*, meanwhile, is Bowie at his soul best. Admittedly, there are a few duds, including the droning *War Horses* and the thundering *Pariah Arkona*, which mimics such maudlin 1980s dance styles as techno. But all in all, *Black Tie White Noise* is a convincing collection from the chameleon of rock 'n' roll.

HARBOR LIGHTS
Bruce Hornsby
(MCA/AMG)

Bruce Hornsby's acoustic piano keeps on paying rich dividends. Its warm, robust sound, something of a novelty in an age of synthesizers, characterized the Virginia native's debut album, *The Way It Is*, in 1985. And it helped to turn the title track into one of the biggest hits of the decade. On release, *Harbor Lights* added accordion and organ, but it was above the piano that lost his fans coming back for more. Now *Without Light*, his fourth release and first without *The Range*, is an unashamedly piano-driven affair.

Did it represent a welcome move away from Hornsby's instrument pop sound? Full of extended jazz improvisation, the album features such talents as saxophonist Breckford Marshall and guitarist Pat McHenry. And they seem to push the guitar to greater heights of expression. Talk of the Times, a blues number about an unrequited romance, finds Hornsby punning with Marshall in a thrilling style. And, too, the piano has never sounded as confident as he does on the rousing *What a Time*, about a blackout with thousands of people singing in the dark. Hornsby has wisely chosen to stick with the understated sound of his acoustic keyboard. After all, if it ain't broke, why fix it?

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Desperately seeking inspiration

BY ALLAN FOTHERINGHAM

There is a sinking feeling in the land. Spring, as attempting to spring, winter reluctantly undoes but there is a sinking feeling in the land. Just weeks ago, Emily of Britis Maloney, a blonde blonde from the Pacific shore wearing a sparkling, Canadiana-colored in a sudden sense of real change.

Today, the mood is sobered. The common feeling is this all there is? Sobered voters, coming to their senses, now realize that by Christmas the senior members of the country will be either a chap who has said long ago whether he is going to stay, a woman who has been in Parliament for less than five years or a 34-year-old who is younger than the cap you see in the corner.

When John DeLoraine was forced from his throne, the leadership candidates included a Rhodes Scholar and several provincial premiers—not to mention a reasonable number of cabinet ministers. When Lester Pearson bowed out the leadership candidates included a Rhodes Scholar and a half-dozen other high profile cabinet ministers, most of whom would have made respectable prime ministers.

When Robert Stanfield stepped down, all most all his front bench, plus a former Quebec premier minister and an eager Montreal lawyer, lined up to succeed him. When Joe Clark put his job on the line, he had a basketball team of outsiders eager to seize his crown.

"This time?" The only bodies with a chance of succeeding Mulroney are a woman whose back ground is so fuzzy that no one really knows where she's coming from, and a man who whose future is already in doubt or so stated at the time.

Conservatives? They delegates and Canadian voters are two different animals—see journal and peeked over the fact that the present national and easy debate is the first three TV candidates is a man they don't want as leader. Not just yet.

Does anyone actually believe that Jean Chrétien, Kim Campbell and Jean Charest are absolutely the best people we could have to run this country? Of course not. That's why there is this sinking feeling across Canada. The truth is



amongst in three main branches to choose from.

There is a sudden sense that this great Conservative government, under all two majority minorities in a row, obviously didn't have a very deep bench matching what is left for these TV debates. Guess Turner? Had anyone ever heard of James Edwards before? This man's story? What's John Long doing in there? How stout and serious were those men who out and out at the first lasty place at the Queen's King's palace that have since died?

Except for a brief nine months under Joe Clark and an even more brief two months under John Turner, the prime minister's chair for the past 25 years has been occupied by a politician from Quebec: Paul Meagher, post-Charlottesville, the mood is one of the gloominess, as not to have another Quebecer, prime minister this time.

Jean Charest is a charming and disarming figure, but his own handicap is not that he is a

stere 34. He clearly can handle himself in the company you see on the television screen. Who else had the wit, in the Galtory debate, to make a gracious and accurate last to grant letters who were about to launch into spring seedling—a real image project as he put it. His handicap is that he comes from the wrong province in this time.

Kim Campbell is quite clearly a burden to her handlers. Either she has too many of them and is confused by differing advice, or she listens to them and then ignores them. The sense of humor and quick gaps ("Don't mess with me," she told reporters on taking on the Defence post, "I've got better") have all but disappeared, a victim one suspects of her handlers' length of questioning her early lead in the electoral polls.

In Calgary, all the minds who are her age pointedly made mention of their wives and children—judging the Canadian narrative (false) to join her her husband and childless status. A small pile of reporters has failed to ask across the land, trying to follow the so-called unclear chronology of just where she was when on her way to the top.

The Calgary Campbell was more like the lady at the top of her form, a sort of blingie Thatcher with a sense of humor—a quality evident in the first two pre-selected television debates that are so really debates.

Stanley Hart, the liquor seller who is a close Mulroney companion, has devised a handsome format designed to prevent the usual bays from actually criticizing the perfect government from which they have been spawned. The result—said Calgary—was an all-so-phobic all such politics that all that was needed was the cookies and the tea being passed around. Let us hope that the remaining events in Vancouver and Halifax will produce a few blooded men.

Only then will the Times recognize the unimpressed watchers that they do indeed have a tiger or two who can make Chrétien look tired and feeble in the election campaign that must come before November.

But as he me does not say a misologist in the bench, someone who can give Canadians out of their present dark mood. Perhaps the charismatic Joe Clark will come: appearing out of the phone booth in the Ottawa or risk on Sunday afternoon on June 15 when the Tory convention is scheduled after the ballads.

Perhaps, in an emotional sense, there will be a nomination from the West that stills the dynamic the dynasty. Who knows? There wouldn't be all this trouble if Michael Wilson was still alive.



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